Thursday October 22 1987

US begins urgent talks on deficit as share prices stage widespread recovery

jumped more than a point to 95 3/4, a level at which it yielded

9.390 per cent.
Other bond markets contin-

Most of the largest price gains

were scored early in yesterday's session as rumours circulated

booming economy.

D 8523 A

#### World News Business-Summary

#### New British BBC plans missiles will remain US property enterprises

accord, unlike the present Polaris missile stock which is owned outright by Britain, it was disclosed.

Another consequence of the C

agreement on joint servicing of Trident missiles in Georgia was that Britain's ability to test, assemble and service its strategic nuclear missiles would disap-

#### Shuitz 'confident'

US Secretary of State George Shultz expressed confidence he would make progress on arms control today and tomorrow when he was due to meet Soviet leaders in Moscow. Page 24

#### Moscow fogbound

Moscow's three airports were closed for the third consecutive day because of heavy fog which enveloped the Soviet capital, leaving 20,000 passengers stranded. Visiting US Secretary of State George Shultz had to travel by train from Finland.

#### Salvador peace talks Salvadorean Government and rebel leaders gathered at a Ve-nezuelan military base to open peace talks, with both sides say-ing their negotiating positions were far apart.

Space challenge

French President Francois Mit-terrand said Europe had the technical know-how to chal-lenge the US in the space race but appeared to lack the politi-cal will.

#### Spanish rift grows

Growing estrangement between S, Jain's Socialist Government and its "fraternal" trade union, the Union General de Trabajadores, gathered pace as two union leaders decided to resign from Parliament in protest against the Government's budget proposals. Page 4

#### EC storms aid

Aid amounting to Ecu900,000 (\$1.03m) would be distributed among EC members hit by storms last week, the European Commission announced. A third of the money would go to Britain and France, Portugal and Spain would share the rest.

#### Sikh militants seized

Security precautions were stepped up throughout north-west India in an attempt to curb activities by Sikh ex-tremists who killed 11 people in New Delhi suburbs in advance of a major rally in the Sikhs' Golden Temple in Amritsar to-

Family planning urged President Daniel Arap Moi said be might sack civil servants who had too many children because they should set an example on family planning in Kenya where the population is growing at be-tween 3.8 and 4 per cent a year.

Tiger surrender urged Indian forces besieging Jaffna in northern Sri Lanka renewed appeals to trapped Liberation Tigers of Tamil Eelam to surrender their weapons, dropping leaflets over rebel areas. Page 6

#### Austrian protest

About 9,000 Austrian students protested outside Chancellor Franz Vranitzky's office in Vienna as their strike against gov-ernment policy on higher edu-cation entered its second day.

#### Iran to 'get even'

Iran said it was determined to "get even" with the US following the American attack on Monday

Nobel economics prize

#### ing the importance of technology in economic growth, Page 8 and higher prices. Page 25 gy in economic growth. Page 8

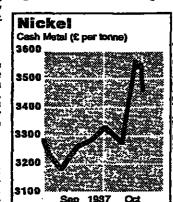
Europe.

# to float commercial

Britain's Trident missiles would effectively remain US property under the 1980 Trident accord, unlike the present Polaris missile stock which is owned outright by Britain, it was disclosed.

Another consequence of the Californ Page 18

MORGAN STANLEY, blue-chip Wall Street investment firm, reported a doubling of net income in the three months to September and said it had ridden the turmoil in the stock market, without serious mishap. Page 25



while the three-month figure was £62.5 lower at £3,432.5. Page

ENICHEM, Italian state chemical company, and Dow Chemi-cal Europe are to build a jointly owned plant in Italy to manu-facture advanced epoxy resins.

UNION BANK of Switzerland

GOLD rose \$0.75 on the London bullion market to \$466.75. In

DOLLAR rose in London to DM1.8135 (DM1.8080); to FFr6.05 (FFr6.0375); to SFr1.5055 (SFr1.5005); and to Y144.15 (Y143.90). On Bank of England figures the dollar's exchange rate index rose 0.1 to 100.9. Page

STEBLING fell in London to \$1.6525 (\$1.6550); but rose to DM2.9975 (DM2.9925); to FFT9.9975 (FFT9.9925); to SFr2.4875 (SFr2.4825); and remained unchanged at Y238.25. The pound's exchange rate index was unchanged at 73.4. Page

ITT, US financial, industrial and travel conglomerate, announced a 70 per cent increase in earnings for the third quarter with net income rising to \$210m, or \$1.39 a share, compared with \$126m or 82 cents in 1986. Page

DOMINION TEXTILE, Canada's largest textile producer, came out of its US\$2.8bn joint bid for Burlington Industries of the US this summer with a net gain of C\$20m or C\$1 a share after ex-penses and taxes. Page 25

NORTHERN TELECOM, world's largest supplier of fully digital telecommunications systems which this month bought 27.8 per cnt of Britain's STC, reported a satisfactory 11 per cent increase in third quarter earnings on the back of continued strong the American attack on Monday on two Iranian oil platforms in the Gulf - then "call it quits."

Page 6

eu a sein third quarter earunge crease in third quarter earunge on the back of continued strong growth in central office switching. Page 25



AMOCO, leading US oil group, reported a turnround in the third-quarter, registering earnings of \$116m against a \$32m loss in the corresponding peri-

XEROX, diversified US produc-er of copying and duplicating machines, yesterday posted a 20 per cent rise in third-quarter net income to \$134m or \$1.23 a share. Page 25

third quarter. Without stating profits, it predicted a "favoura-ble" result for 1987 as a whole.

Zurich it also closed at \$466.75. (\$466.0). Page 36

ALCAN ALUMINIUM, largest Robert M. Solow of the Massa-chusetts Institute of Technology um aluminium doubled earnwon the Nobel Memorial Prize ings for in the third quarter on in Economic Sciences for show-the back of strong demand for

# Sharp fall in US rates sparks rally in world markets

BY OUR ECONOMICS, FINANCIAL AND FOREIGN STAFF

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● Lex, Page 24

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reports, Page 48

exchange, Page 44

• World stock market

achieve after the crash of 1929, before resuming its downward

course a few days later.
There was also concern

among some institutions that a rapid recovert might send the

rapid recovert might send the wrong messages to Washington, permitting a return of what is seen as the excessive complacency on economic policy in the White House and Congress.

There seemed to be no anxiety, however, about the Federal People's new relies of

• Gold and oil prices,

Money markets, Page

WORLD EQUITY markets rallied strongly yesterday as trad-ers took heart from the sharp falls in US interest rates engi-

On Wall Street, the Dow Jones

Industrial Average jumped by around 200 points within an hour to settle just above the psychologically important 2000 mark. At 2 o clock, the Dow stood 188.17 points higher at 2029.18.
A further plunge in US interest rates, as the Federal Re-serve Board continued to add li-

quidity to the financial system. Reserve Board's new policy of fuelled the rebound. The market then settled down into what many dealers regarded as a morning to 6 per cent, from 6 5/ ket then settled down into what many dealers regarded as a healthy and necessary period of consolidation, with prices moving sideways from mid-morning to early afternoon. Trading volume was more moderate than the feverish levels of the last few days.

The mood remained nervous and few people were confident that world equity markets are set on the road to recovery. Some US institutional investors began to urge caution, now that

began to urge caution, now that the equity market had retraced more than half of the losses suf-fered in Monday's crash.

They pointed out that this was precisely the retracement might slow down the economy which the market managed to in the coming year. The bond

BY STEFAN WAGSTYL IN TOKYO AND STEVEN BUTLER IN LONDON

The Treasury's long bond also continued to strengthen, as investors' earlier worries about inflation gave way to concerns

from Tokyo to Amsterdam yes-terday moved sharply forward following Tuesday's resur-gence in Wall Street share

The Tokyo stock market staged a record recovery-moving up by 8.3 per cent and recouping more than half the ground lost in Tuesday's unprecedented fall.

Active two-way trading re-

Active two-way trading re-sumed, in contrast to the paral-

day before due to a lack of buy-

The Nikkei index of 225 top stocks closed up 2,637.32 points at 22,947.46, recovering 53 per cent of what it had lost the previous day. About Lilbu shares changed hands.

Traders said the rise was stirred by Tuesday's recovery on Wall Street and by a belief that the outlook for the Japa-

But they drew confidence from the fact that after yesterday's recovery the Tokyo market is only 10 per cent off its all-time

Trading was seriously dis-rupted by a fault in the London

- in contrast to Wall rese following moves by the Bank of Japan, which acted in line with other central banks

to ease upward pressure on in-terest rates and to assure be-Continued on Page 24



# Baker in talks to reduce budget deficit

BY STEWART FLEMING, US EDITOR, IN WASHINGTON AND DAVID

MR JAMES BAKER, US Treasury Secretary, went to Capitol Hill yesterday for talks with Congressional leaders as part of an urgent attempt to reach a bi-partisan compromise on reduc-

Other bond markets continued to shadow movement in Treasuries with gilt-edged prices closing yesterday about % point higher than their previous close after a much less volatile day.

Although the London equity minority leader.

market's recovery was a record in points terms, the rally seemed less assured than the surge in prices in Tokyo. The FT-SE 100 index closed 142.2 The meetings came amid con-flicting signals from the White House about how far President Ronald Reagan was prepared to points up at 1943.8 but this was still about 50 points below yes-terday's peak. The FT Ordinary index finished 88.1 higher at go in bowing to pressure to raise taxes as part of a package both to cut the deficit and to calm financial markets.

Earlier Mr Marlin Fitzwater, markets that Tuesday's sharp declines in US interest rates could lead to a cut in base lend-ing rates. However, these ru-mours were swiftly dismissed as White House spokesman, had stressed that "everything is on the table for discussion" in talks with Congressional leaders on the budget deficit. However, Mr James Miller, the Director of the Office of Management and Budget, said the President would not accept a tax increase. highly improbable in view of of-ficial concern about growth in bank lending and an already

"His position on taxes is unchanged... he simply will not (accept a tax rise )." Mr Miller said in answer to a question during a speech to the Council of Better Business Bureaus. British Petroleum's shares did not perform as well as the wider market. They closed 12p up at 297p, still well below the 23.30 price at which the £7.2bn offering of BP shares has been pitched, but the Treasury reit-

The divisions came as the erated that the issue would not be postponed. West German Government made clear it expected action from the US to back up the Louvre currency stabilisation agree-

Stock Exchange's Epic comput-er system which meant the Top-Stock Exchange's Epic computer system which meant the Topic price display screen was out of action for three hours and that it took half an hour or more to calculate the FT-SE 100 index.

In remarks which indicate irritation in Bonn about last week's attack by the US Treasury Secretary on West German monetary policy, Mr Friedhelm Ost, the Bonn government

was crucial the Louvre accord be fulfilled, he told reporters, This concerns above all the

partisan compromise on reducing the budget deficit.

Officials said the Treasury Secretary, accompanied by Mr Howard Baker, the White House Chief of Staff, planned talks with Mr Robert Byrd, Senate majority leader, Mr Jim Wright, the House speaker, Mr Robert Dole, Senate minority leader, and Mr Robert Michael, House minority leader.

This concerns above all the US.

Meanwhile, Mr Eduard Balladur, French Finance Minister, said that a further fall in the dollar's value could lead to stagnation in European growth. He welcomed Monday's rapprochement between Bonn and Washington, and added: Time of this co-operation. We ret welcomen montays rap-prochement between Bonn and Washington, and added: "I would like to see a strengthen-ing of this co-operation. We have to eliminate doubts and publicise the determination of governments to apply the Lou-

vre accords."
Senior European monetary officials also stressed that res-toring market confidence in international policy co-ordination remained the key priority de-spite yesterday's recovery in stock markets.

The officials said they re-

mained unsure about whether or not the markets would test the willingness of central banks to defend the dollar's current level against other major cur-rencies. They also conceded that there remained doubts among European governments over the willingness of the US to intervene in defence of its cur-rency in the event of a modest

On Tuesday evening, after a two-hour meeting with his eco-nomic and political advisers, including both the Treasury Secretary and Mr Alan Greenspan, chairman of the Federal Re-serve Board, Mr Reagan an-nounced for the first time that he would agree to try to negoti-ate a budget package with Con-

I am directing that discus-

# Politburo retirement

strengthens Gorbachev By Patrick Cockburn in Moscos

MR MIKHAIL Gorbachev's posi-tion within the country's ruling Politburo was strengthened yes-terday with the retirement of a senior member.

Mr Geidar Aliyev, who has been considered a leading opponent of the Soviet leader, he retired at his own request on health grounds. His departure tilts the bal-

ance within the ruling body towards further radical reform The change also means that eight of the 13 Politburo members have joined since Mr Gorbachev became leader in 1925.

Differences within the politburo are now likely to centre on the degree of radical change desirable, rather than on change versus maintaining the status

Mr Gorbachev, while having the more dominant position, sus of opinion among Politburo members, many of whom have more cautious political in-

stincts. Mr Aliyev, 64, was believed to have been seriously ill earlier this year. He has been a full member of the Politburo since

sition was under attack came in strong press criticism of the strong press criticism of the transport system for which he was responsible.

He has also held the post of first deputy prime minister and spent 20 years in the KGB security police in his home republic of Azarbaijan on the Caspian

Evidence that his political po-

He became Azerbaijan party leader in 1969 charged with

ending corruption. Accounts of his success in this area vary. The press has recent-ly heavily publicised the case of a large institute in Baku, the capital of Azerbaijan, which was closed down following alle-gations that degrees were obtained by systematic bribery.
In addition to announcing Mr Alivev's retirement, the central Anyev's retrement, the central committee heard an address by Mr Gorbachev on preparations for the 70th anniversary of the 'Bolshevik Revolution in 1917.

# French Government postpones sale of Matra defence group

BY GEORGE GRAHAM IN PARIS

THE FRENCH Government yes-terday backed down in the face of the furmoil on the stock mar-ket and postponed the privatis-ation of Matra, the defence and electronics group.

Mr Edouard Balladur, the Finance Minister, said yesterday that Matra's offer for sale, origi-

nally due to start on Monday, would be put off for a few days or a few weeks."
Mr Balladur said the public offering, which will involve only FFr700m to FFr800m of shares (\$115m-\$132m), was still techni-cally feasible, but that the mar-kets were disoriented and

needed time to regain their сотровите. His decision is a disappointment to Mr Jean-Luc Lagardere, Matra's chairman, who had said the previous day he saw no rea-son for delaying the offer for

The Government also announced that it would be reduc-ing its bond issues for the rest of the year, and would concentrate its borrowing at the shorter end of the market to reduce pressure on long-term interest Matra's postponement together with the bond market mea-

sures, is expected to give the markets a breathing space.

understood not yet to have pro-cessed share applications for the privatisation of the Suez fi-nancial serices group, which closed last week, and which is likely to have drawn around 1.5m investors.

Mr Balladur hotly denied that
the delay in the privatisation of
Matra was a political aboutturn. He has, however, given
some ammunition to the opposition Socialist party, which has
blamed the speed of the Government's privatisation programme for overloading the
French stock market.

French stock market.
"A halt to the privatisation programme a few months ahead of the presidential election is necessary in the interests of small investors and of our economy, which could once again pay the price for a stock market climate which is far from stabi-

lised," said Mr Pierre Berego

Besides the shell-shock that hit dealers after Monday's plunge in prices, the record trading volume - FFr4.2bn in the Paris official market on Tuesday - has put settlement systems under strain. Trading opened late again yesterday because of the heavy order flow, and computer failures once again affected the market.

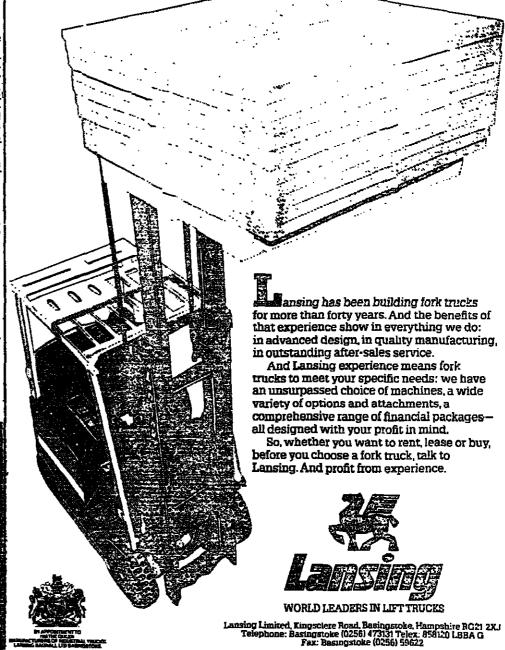
A number of stockbrokers are understood not yet to have prolargest insurance company, UAP, after the privatisation of Matra was completed.
He said small shareholders had not panicked in the face of

the stock market collapse, and that their behaviour had been "a lesson in wisdom and sang-froid to the politicians." Stock market buying and sell-ing orders had averaged 12,000 a day in each of the four main banking networks on Monday and Tuesday, well within the normal band of 10,000 to 15,000,

he said.
The finance ministry has calculated that small investors who had applied for the stanwho had applied for the stan-dard 10 shares in each of the privatisations so far, would still be showing a paper profit of nearly 9 per cent on their port-folio, despite the fall in share prices of the privatised compa-nies in recent weeks.

French debt restructuring, Page 27

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**CONSPICUOUS** CONSUMPTION IS NOW

OUT OF <u>PLACE</u>

Congress can no longer keep George

Shultz, US Secretary of State, in the

style to which he has become

accustomed, Page 24

misfortune Angela: International stakes rise ... ing from North American alcoholic Editorial: Bloodshed at BP; An illjudged nationalisation. Lex: BP; Markets; Market sectors: Technology: Looking for a better way for contact lenses to breathe ............ 29 Motor Industry: survey ...... section III

Japan: More caution about foreign Athens: Greek Parliament haunted by Management: "Responsible" advertis-

# Japanese investors likely to decide there's no place like home

JAPANESE INSTITUTIONAL Economists in Tokyo say that sively from \$13bn net in 1983 to investors, masters of the world's the difference in long-term \$100bn net last year, as institulargest supply of capital, are bond yields between Japan and likely to cut the fresh funds they the US, which averaged 4.3 per invest overseas following the cent in the first eight months of shocks which have hit stock this year, might have to widen.

A crucial test of Japanese managers at pension funds and willingness to invest abroad willingness to invest abroad managers at pension funds and will come early next abroad life assurance companies in will come early next month, Tokyo said yesterday that the when the US Treasury offers losses they had suffered on Wall \$28bn of bonds in its quarterly Street would make them more fund-raising issue. Japanese incautious about foreign markets. stitutions have been among the Mr Noboru Kagami, managing biggest purchasers at previous director of the Nomura Reauctions. search Institute, said: This de- Mr David Pike, an economist cline on Wall Street came as a at Union Bank of Switzerland,

cline on Wall Street came as a major shock. For a while Japanese investors will feel jittery about being outside Japan."

This nervousness could have severe consequences for the flow of capital around the world because Japanese investors have been the most important foreign investors in key capital markets, above all in the US. If Japanese investors stay cautious for any length of time, then interest rates elsewhere might have to rise to attract them.

\$100bn net last year, as institutions invested - principally in bonds - the foreign currency piled up by the country's export surpluses. The incentive to do so was provided mainly by yields higher than those on offer at home, which to some extent offset capital losses caused by the decline of the dollar against the yen.

The Ministry of Finance steadily lifted various restric-

tions on foreign investment which allowed institutions to put significant funds abroad for the first time. It raised from 10 per cent to 30 per cent the pro-portion of funds that could be invested in foreign securities. Capital continued to flow strongly in the first seven months of this year at a rate of \$9.8bn a month, but in August it suddenly dried up. The belief that the dollar could not stay above Y140 suddenly took hold of the market. The evider follows.

of the market. The outflow fell to \$6.67bn and has not recovered since. Mr Noriaki Suzuki, interna-

A crucial test of Japanese willingness to invest abroad will be the US Treasury fund-raising issue of \$28bn worth of bonds next month.

a very bad situation and we are managing our funds defensivemeans keeping his money in short-term fixed-income securi-

To some extent, investors in Japan as elsewhere have been reassured by the meeting between Mr James Baker, the US Treasury Secretary, and Mr Gerhard Stoltenberg, the West German Finance Minister, who reaffirmed on Monday their commitment to be the store of the stor

markets are in a bear trend. It's man of Ford Motor, who said that the dollar would have to fall to Y120 soon and Y100 in the 1990s in order to achieve For Mr. Suzuki defence surpluses in US foreign trade.

Moreover, some Japanese economists argue that the huge rebound in the Tokyo stock marsmaller recovery on Wall Street into perspective. By the close, the Nikkei index of leading stocks was up by a record 2,037.32 points to 23,947.40 - only 10.1 per cent below its peak last Wednesday. By contrast after Tuesday's recovery, Wall Street

was still about 32 per cent off its

tion mean a bright future for Ja-

pan, he says. Some European stockbrokers hope that if Japanese investors turn away from the US, they might look more closely at Eu-rope. The small flow, principally into West German and UK government bonds, has grown this year, but some Japanese fund managers say they simply have too little information

this year, but some Japanese fund managers say they simply have too little information about European markets, especially equities.

At Nomura Research Institute, owned by Nomura Securities house omed by Nomura Securities, the largest Japanese stockbroker, Mr Kagami says there are too few top-class fund managers in Japan to send them abroad. As a result, Nomura is hiring locally in London and New York - but it takes time be
Tenoris that Nomura is considered rescued by its banks after wing out its Y16.5bn net assets with losses of Y25bn in bond future. There is no doubting the long-term commitment of Japanese institutions to the US and other foreign markets. But it seems that the potential profits from such investments will need to be higher in order to justify the risk.

At Industrial Bank of Japan. Mr Taketomi says that even the long-term commitment of Japanese institutions to the US and trust funds - funds which are used by cattech companies - fell to Y800bn and then to Y500bn after averaging Y1,500bn in the first half of 1987. Recent events will have cut this flow to a frick-

tional bond investment managagers remain sceptical about or at Norinchukin Bank, the the long-term prospects for the Japanese farmers' co-operative dollar and for the US economy, bank and the largest institutions. They are unsettled by remarks all investor, says: The foreign such as those made on Tuesday currency markets and bond by Mr Donald Petersen, chair-all investors, says: The foreign such as those made on Tuesday divergence in the markets reflects the divergence in economist at the Industrial Bank of Japan, says this divergence in the markets reflects the divergence in economic prospects. Whereas trade and government deficits cloud the outlook for the US, strong domestic growth and low inflation means a bright folume for Japanese in Shearson Lehman Brothers. institutions are moving cautiously because they feel they do not understand the markets well enough. Nippon Life, the largest life assurance group, earlier this year bought a stake in Shearson Lehman Brothers, the investment subsidiary of American Express As part of the investment of the state of the st

American Express. As part of the deal, some 30 young Nippon

Life staff will go each year to Shearson in New York for train-

od, he had become a net buyer of equities in the last two months, and was buying "much more aggressively" since Mon-

day. Between March and August,

practice of aggressively investing surplus funds in financial markets, was becoming less popular well before the markets plunge earlier this week. Some companies had suffered honey losses in the bond marheavy losses in the bond markets, notably Tateho Chemical Meanwhile, there have been Industries, a specialty chemi-reports that Nomura is considerally cals company, which had to be

the present level of around 45

One institution which had more than investment decisions

to worry about as a result of the

market crash was the Stanford

University endowment fund, one of the biggest private trust

The university had lost \$200m

funds in the country.

# UK institutions watch and wait

CRAZY. Irrational. Quite out of and distressed sellers, many of a net inflow of funds. touch with the real world. These descriptions by some of the UK's leading investment managers of the stock market's gyrations explain why many of Britain's leading institutions have largely watched from the

sidelines.
According to the head of one leading securities trading bouse, UK institutional investors have on balance been net buyers of shares over the past few days, and this impression was reinforced yesterday by a straw poll of fund managers.

The impression was that on Monday fund managers generalit prudent to raise a small ly watched in amazement, with amount of liquidity to recover most of the buying and selling being carried out by market-makers on their own account

them from the US. On Tuesday - with the market gyrating - the institutions began entering the market more actively, both as buyers and sellers, and this trend continued

ers, and this trend continued yesterday.

Nor, according to fund managers contacted by the FT, did there appear to be any severe liquidity problems, with institutions having to sell shares heavily to meet demands for cash from investors.

Mr Richard Smith at Headers we Unit Treat Management said

son Unit Trust Management said that on Monday he had thought redemptions, but not much had been needed and, with the mar-

balance been buyers, taking the opportunity to add to portfolios in shares that seemed undervalued. A similar line came from Mr Chris Tracey at Save and Prosper, the unit trust group:
"Basically," he said, "we are positioned as we were before the crash, though we have taken the opportunity to buy on weakness those shares we like." those shares we like."

Shares being targeted as good buys have varied widely from house to house, with some men-

a net inflow of funds.

At Nerwich Union, Mr Paul able two week slump in its Lovatt said the group's unit share price, and others going funds had been modest sellers for more classic defensive this week to cover surrenders, stocks, highly dependent on the but the main life funds had on balance been buyers, taking the as strong relative to other councerportunity to add to nortfolios. tries, or with particularly high yields. Names mentioned in-cluded British Gas, Pilking-ton,the glass manufacturer, and certain retailers and brewers.
Yet while there no great UK
institutional panic selling this
week, there remains much anxiety as to where the market will finally settle. "The market may have temporarily been over-sold," said Mr Jim Stride at Sun Life, "but one senses sentiment

towards equities may have changed, both for the man in the street and the professionals."

#### Surplus cash pours into US market BY ANATOLE KALETSKY IN NEW YORK

BLOODIED but unbowed, US ing. we'll probably start to take country, said his total losses on Monday. Its long-term objective starting to pour billions of dolocontext of the bull market has August and \$4bn on Monday investment institutions are starting to pour billions of dolstarting to pour oillions of dol-lars of surplus cash into the stock market, in the hope of re-couping a portion of the mas-sive paper losses that most of them have suffered in the last

two months. The general view among the pensions, insurance and trust fund managers is that the stock price correction has bottomed, but few institutions seem willing to predict an early return of the bull market conditions prevailing in the last 12 months.

One characteristic comment yesterday was: "We went into the market aggressively on Tuesday morning and have now pretty well committed all our

But if the market continues to rally the way it has this morn-

some profits, because the whole context of the bull market has shifted in the last two months." The comment came from Mr
Lewis Kleinrock, president of
Independence Investment Associates, fund management subsided in the last two months.

Mr Maxwell said that, while a
fund of this size could do little
to change the balance of its asset allocations over a short perisidiary of the Boston-based John Hancock insurance group, which runs more than \$300 of independent pensions portfo-

He conceded, however, that despite a relatively cautious stance in the summer, his fund had lost more than \$500m in value since the stock market

peaked.
Mr Jed Maxwell, equity investment manager of the \$45bn California Public Employees' Retirement System, a fund which ranks among the top investment institutions in the

#### the \$18bn New Jersey state funds, pointed out that the losses in the equity market looking for buying opportunigains from bonds. His fund had dropped \$1.1bn, or 6 per cent, in aggregate value Sut our main concern is how the drop in the market will affect gifts and their donors, "said a Stanford spokes."

#### Froth off the top of property

e is a difference t tween what happens in the City fore the offer closes. and in the underlying market." But if the market In the City property stocks ters out and the offer is heavily have recently enjoyed one of undersubscribed, the underthe highest rises in prices. This writers could find themselves has permitted young and exsitting on vast amounts of unpanding companies like Rand-wanted stock. What would the panding companies like hand-sworth Trust and Control Secu-rities to use their paper to The BP issue comprises two finance acquisitions. That par-separate offers: the fixed price ticular activity could now be offer of 1bn shares at 330p to

served that it could now well be shares at a minimum tender difficult for brokers to place price of 330p to institutional inconvertible issues as easily as vestors.

Expansion based on paper is wilnerable of the two because where the market may change, small investors are unlikely to suggested Mr John Ritblat, be in the mood for another punt chairman of British Land. If you're going to a bank for funding you'll be more cautious on the price you pay for development as the carrying cost will bear the full rate of interest.

The easy credit that has been available from the placing of paper has helped to twist the unward spiral of land prices in

pward spiral of land prices in central London to the extent that the financial institutions have in some cases been paying for paper that was more expenfor paper that was more expensive than the underlying assets.
The shake-out then could have the effect of taking the froth off the top of the market by reducing the ability of the smaller property companies to pay higher and higher prices for their exects.

their assets.
At the same time the property assets themselves may re-emerge as a more attractive in-stitutional investment than the property companies. Quite a lot of property may be more attrac-tive, less risky than equities, commented Mr Elliot. But it will take some weeks to establish whether a new risk-reward equation has been worked out.

From the viewpoint of the industry, the return of the institu-tions to direct property invest-ment - and there are signs this has begun to happen anyway would be a blessing because they would be again the ultimate buyers of the speculative developments.

In recent years there has been active institutional property buying in the London area but much less elsewhere.

but also geographically. The performance of the stock market so far suggests that it is the companies with central London

Market-making firms are in a market makers have rarely maket to provide a ratio of ten to one at least for short own, market-makers have rarely makers have activities which have been most affected by the selling.

# **BP** stock could head towards banks if rally peters out

THE VOLATILITY of world THE TENTATIVE rally yester- stock markets over the last few

But if the market's rally pe-

finishing. small investors in the UK, and Property companies have ob-

convertible issues as easily as vestors.

The UK offer looks the more
Expansion based on paper is vulnerable of the two because

ALMOST FROM the moment

share dealing started in London at 7am yesterday, stockbrokers

knew it would be another day to

remember - a day on which private investors appeared to be plunging back into the stock market in search of bargains.

But in an environment in which professionals confessed

that any interpretation of mar-ket conditions was still highly

impressionistic, there was a

gains as a large volume of buy-

g orders clogge arket-makers' switchboards.

impressionistic, there was a gow-based stockbroker, besmoothly the market was functioning.

One frequent complaint from
smaller stockbrokers was that
private clients faced long delays in execution of their bartrained in the said stockbroker, because of the volume of buy-orders from clients. I have had
trouble even getting telephone
line out myself, he said.

The difficulty for private client brokers was that even wellorganised dealing teams found

According to Mr Bryan Foster market-makers to answer their

of Westlake, a West Country telephones. The reason for this, based broker, yesterday morn-they felt, was the sheer volume

clogged

BY NICK BUNKER

On the face of it, then, a large proportion of this £3.3bn worth The TENTATIVE raity yesters stock markets over the last few day in London commercial days has threatened to turn the property stocks has done little biggest-ever international towards the handful of banks to allay the uncertainties that share offering - the £7.2bn Brithave spread over a sector which ish Petroleum issue - into the underwrote the offer for an underw

But, as Mr Graeme Elliot, that the threat will be fulfilled:
Vice-chairman of Slough Esysterday BP's existing shares tates, the biggest industrial recovered from Tuesday night's property group in the country, close of 285p to 287p, and there has been laid off among well as the state of the over 400 sub-underwriters con sisting mainly of large institutional investors such as pension funds and insurance compa-

The exposure of any one of these institutions is therefore fairly limited. On average, they stand to pick up less than 2.5m shares each: and since the stock is partly paid, their outlay will

Many of these institutions will have planned to take up BP stock in any case, so the outlay is unlikely to strain liquidity. They are also thought to be fairly resilient long-term holders of the stock, so their loss will be only a paper one. And those who do sell into the marketplace at a discount to the offer price will be able to offset their losses with a 1 per cent sub-un-

orders making up 90 per cent of the firm's volume. In particular,

he saw signs of a scramble for penny shares in smaller com-

Yesterday was "fairly chaotic,"

said Mr Ian Kennedy, head of research at Parsens, the Glas-gow-based stockbroker, be-

themselves with two-hour back-logs of orders because of delays

of perhaps 35 minutes in getting

partly-paid figure.

The international offer appears to stand a greater chance of success than the UK one because institutional investors ascribe a greater value to the partly-paid stock than they do to the fully-paid variety. It is widely supposed that the issue could still prove attractive to them as long as the price of BP's existing shares is above 310p or so.

If this is not the case, this part of the offer could present the group of 78 banks are commitment earlier problems. If the ted to the 105m share offering, offering were left heavily with though the biggest exposures international underwriters - esinternational underwriters - especially in the US, which had lead and co-lead managers led
been expected to take a large by Swiss Bank Corporation Inproportion of the shares - there ternational. Canada, where
would be a considerable risk of 105m shares are underwritten
flowback into the domestic marthrough a syndicate led by
ket inordinately depressing the Wood Gundy has an underwrit-

com's offering, when the US portion was sold almost overprofit because the issue had been generously priced. BP's international offering

places more concentrated risk on foreign underwriters, particularly in the US where the shares have not been sub-unlosses with a 1 per cent sub-un-derwriting commission which is stead, the risk is spread among calculated as a percentage of a handful of banks led by Gold-the fully-paid price, not the man Sachs, which has under-Hunt for bargains in the London market

tween market-makers them-selves." Many investors were therefore being made to wait

their turn.
For institutions - such as Legal & General, the life assurance group - the actual mechanics of dealing offered fewer

problems. According to Mr Ted Davis, its head of UK equities, L&G's 30 direct lines to market-makers meant that it had little

trouble getting through to the market, though it had occasion-ally to take " a bit of pot luck"

when the speed of price move-ments outstripped the prices shown on Stock Exchange

ing: Everybody you can think of in Devon and Cornwall' was buying in the market, with buyorders making up 90 per cent of most of the trading today is be-

# Britoil Share Price relative to the

ket, inordinately depressing the Wood Gundy, has an underwrit share price. ing structure similar to the This occurred in British Tele- UK's. In Japan, Daiwa Securities has led the underwiting of 160m shares.

night back to the UK, though the aim was simply to make a quick are left with the bulk of the international offering. N.M. Rothschild, the UK merchant bank sponsoring the issue, hopes to achieve a form of marketing agreement which will prevent the wholesale unload-ing of shares by foreign banks back into the UK.

central systems to cope with several days of an extremely

In fact, in the past three days

the Exchange's small market su-pervision department has five times had to declare a "fast mar-ket" - meaning that for periods

makers' prices shown on the Stock Exchange Automated Quotation system (SEAQ) could

The main complaint about technology was that the partial collapse of the Stock Exchange

Topic information system which for about two and a half

hours at lunchtime could not calculate the FT-SE 100 index -

left dealers operating with what one called just sheer gut feel-

be inaccurate.

#### CBI seeks to calm the hysteria

By Hazel Duffy

LESS THAN a week after the Confederation of British Industry published the report of its Task Force on the City and industry - a report which sought to counter allegations that the City is interested only in the short term to the detriment of industry - Sir David Nickson, CBI president and chairman of the Task Force, found himself having to try to calm the hysteria of the past couple of days.

calm the hysteria of the past couple of days.

The meeting of the CBI council yesterday condemned the crisis as "a computer creation which bears no relation to reality". Mr John Banham, director general, said: "We are talking about people in touch with the real world rather than those staring at computer screens all day".

Some members of the Task Force, drawn from the City and

Some members of the Task Force, drawn from the City and business, admitted yesterday that in the course of their in-vestigation they had not envis-aged anything like the present violent fluctuations in interna-tional financial markets. Nobody was willing to put his name to allegations of irre-spensible behaviour on the part of the market operators, but that was clearly the direc-tion in which their thoughts were going. Everybody stressed that the fundamentals were unchanged from a week

ago.
"The growth rate of the econ-The growth rate of the economy is better than it has been almost any time since the last war, and British companies are in a better state almost than at any time, said Sir Jeffrey Sterling, chairman of P&O shipping group.

The general feeling among businessmen is that the level of interest rates, determining the cost of borrowing and exchange rates, are going to affect the day-to-day management of businesses much more than share prices.

than share prices. Some big manufacturing Some big manufacturing companies were taking a sanguine view of events. British Aerospace said the impact of the fall in share prices on its business had been Tairly minimal. Rolls-Royce said that shert term fluctuations were not of great significance since a bad arranged a multi-antien. it had arranged a multi-option berrowing facility for 2250m just before privatisation.

the California Retirement Sys-tem had been a net seller of or 13 per cent, of its \$1.5bn en-dowment by yesterday morning. But 9 per cent of its holdings were now in cash and it was Mr Roland Machold, who runs

# **Arbitrageurs smile** through the pain

NEW YORK'S arbitrageurs are poor, but they are happy.

These professional speculators, who invest heavily in the vestment climb back up towards we street to have lost his shirt in Newmont on Monday, could yesterday watch his 2.9 per cent interest westment climb back up towards we street to have lost his shirt in Newmont on Monday, could yesterday watch his 2.9 per cent interest to have lost his shirt in Newmont on Monday, could yesterday watch his 2.9 per cent interest his shirt in Newmont on Monday, could yesterday watch his 2.9 per cent interest his shirt in Newmont on Monday, could yesterday watch his 2.9 per cent interest his shirt in Newmont on Monday, could yesterday watch his 2.9 per cent interest his shirt in Newmont on Monday, could yesterday watch his 2.9 per cent interest his shirt in Newmont on Monday, could yesterday watch his 2.9 per cent interest his shirt in Newmont on Monday, could yesterday watch his 2.9 per cent interest his shirt in Newmont on Monday, could yesterday watch his 2.9 per cent interest his shirt in Newmont on Monday, could yesterday watch his 2.9 per cent interest his shirt in Newmont on Monday, could yesterday watch his 2.9 per cent interest his shirt in Newmont on Monday, could yesterday watch his 2.0 per cent interest his shirt in Newmont on Monday watch his 2.0 per cent interest his shirt in Newmont on Monday watch his 2.0 per cent interest his shirt in Newmont on Monday watch his 2.0 per cent interest his shirt in Newmont on Monday watch his 2.0 per cent interest his shirt in Newmont on Monday watch his 2.0 per cent interest his shirt in Newmont on Monday watch his 2.0 per cent interest his shirt in Newmont on Monday watch his 2.0 per cent interest his shirt in Newmont on Monday watch his 2.0 per cent interest his shirt in Newmont on Monday watch his 2.0 per cent interest his shirt in Newmont on Monday watch his 2.0 per cent interest his shirt in Newmont on Monday watch his 2.0 per cent interest his shirt in Newmont on Monday watch his 2.0 per cent interest his shirt in New new YORK'S arbitrageurs are poor, but they are happy.
These professional speculators, who invest heavily in the stocks of potential takeover targets, were among the worst casualties of Monday's market col-

badly," said Mr Alan Greenberg, er, who likes to be anonymous. said yesterday that the trade's losses on Monday were the largest since last November's Boesky affair raised fears

break-even again. Mr Paul Bil-zerian, a Florida takeover spe-cialist, said breezily he is buylapse when several of their ing 10 per cent of a new target.

favourite corporate raiders pul- Other raiders and arbs. talk led out of deals.

about spectacular buying op-

"After Boesky, there was raand king of Wall Street arbi-trage on Tuesday. Another trad-over stocks to be down then because there were rumours' that big players in the takeover game were implicated by Boesky in insider trading. This time its irrational."

Boesky affair raised fears throughout the market that the takeover game was up.

"Many arbs probably lost their year's profits" on Monday, as speculative stocks such as TWA, GAF, Allegis, Newmont Mining, Dayton Hudson and Gillette collapsed, he said.

But yesterday these stocks were soaring amid evidence that the raiders and the surviving arbs - are very much back in business. Mr T. Boone Pickens, the Texas oilman who seemed its irrational."

Two deals that collapsed on Monday - the buy-out of GAF by Mr Samuel Heyman and of TWA by Mr Carl Icahn - appeared to be going ahead yesterday by different means as both men announced they would buy in the market at the much lower prices. Raiders generally finance their purchases with high-cost debt, so falling interest rates and stock prices are "the best combination," the arb said.

# Big US companies move to buy back own stock

IT SEEMS like some vast con-certed action, corporate Ameri-ca riding to the rescue of the be-fore a corporate raider gets

What began as a dribble is now a flood. Citicorp, Merrill Lynch, Honeywell, USX, McGraw-Hill and the three big car makers have all announced that they will spend from \$100m to \$500m to buy in their own stock.

And yesterday, Bristol-Myers unveiled the most ambitious plan yet, promising to buy 25m shares at a potential cost of nearly \$1bn.

Company officials and Wall
Street bankers say the purpose of the buybacks is two-fold: to ing the mor treatore order in the market after Monday's demoralising col-

Since Tuesday morning, dozens of big companies have announced plans to buy in their own stock, providing a cushion of support for the market indices.

What began to be there first.

Mr William Clark, an official at Merrill Lynch, one of the first companies to announce a repurchase, said: "You don't have to be a Harvard con't have to be a Harva buying your own stock will boost your capitalisation. But we also made some money. Our

stock is up. Mr Donald Petersen, chairman of Ford, said he was accelerating the company's stock repurchase programme because Ford shares had become "an even better buy." Like some other companies announcing buybacks, Ford is rich in reserves of cash it does not need for busi-

ness operations. ess operations. Other officials say the buybacks are a good way of stiffen-ing the morale of employees troubled by Monday's extraordi-

FINANCIAL TIMES

# Bears catch British market-makers in a vulnerable position

There were some complaints, ing only shortly before the crit-however, about the overall ca-ical moment when Wall Street

but much less elsewhere.

The downturn of institutional investment has left a funding gap which for short-term funding at least has been filled by the commercial banks. Yesterday, however, property companies were expecting that the banks in the future could be much more cautious.

But there are several differmations are the property markets: they are but have are several differmatical banks at least has been filled by the commercial banks. Yesterday, however, property companies were expecting that the banks in the future could be much more cautious.

But there are several differmations are the property markets: they are but markets: they are but markets: they are but markets.

But after the sustained built is just as easy for them to go "short" of stock and County Securities, both of stock and County Securities, both of sufficient which have incorporated large of the Midland bank subsidiary, did so because they were presult of the Midland bank subsidiary which is now have incorporated large of the Midland bank

The size of the typical expo-sures of individual firms has varied greatly. Barclays de Zoete Wedd has been reducing varied greatly. Barclays de company with a large London Zoete Wedd has been reducing subsidiary, said he was surits net long position since August. Warburg Securities is thought to have been running almost a balanced book on Frimassive positions which we down the property of the positions which we have the property of the property of the positions which we have the property of th day. But then its market-makers

which led to its suffering losses of nearly 25m on Monday. This pared to accommodate large cli- of the other large market-mak-

> Mr Peter Rawlings of Shearson Lehman Securities, the US massive positions which we keep their names off the strips would never contemplate in on the screen which show who new York. I have heard of open has the best prices - in the last positions of more than £500m."

In fact, even the largest mar-ket-makers say that, at least in UK equities, their exposures would only rise briefly above £500m as a result of some one-off deal. A continual running position of £100m to £150m is more common among the most active market-makers. But many of the smaller ones have limited their exposure to a few million pounds and have contrived to stay out of the market - and to FINANCIAL TIMES

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dellan lita

much more cautious.

But there are several different property markets: they are split not only between sectors sign and selling prices allowed split not only between sectors them to recover some of the substance of the past six years and though some firms increased their long exposure up to a ratio them to recover some of the substance of the past six years and their long exposure up to a ratio their long expos Market-making firms are in a own, market-makers have rarely Those market-making firms privileged position in that, from run short positions since the an administrative and fiscal Big Bang reforms of last Octo-

bought long lines of stock from Wall Street over the weekend

# EC fails to agree on Gulf plan

BY QUENTIN PEEL IN BRUSSELS

member states of the European a new trade and co-operation agree-Guil.

Community to demonstrate their ment with the six-nation GCC, political support for the conservative Arab states in the Gulf is in danger of coming unstick - be-

cause they cannot agree on a deal.
The EC Council of Ministers this week abandoned the effort to reach agreement when it was made clear that the Gulf Co-operation Council (GCC) states were not interested in the deal being proposed by the European Commission - offering little more than a standstill on trade are go too far for the UK and the Neth-

**Swiss fears** 

on inflation

downplayed

THE SWISS National Bank sees no reason for a further increase

in Swiss interest rates. Nor does the central bank believe that its

current temporary relaxation of monetary policy will bolster in-

The recent rise in Swiss interest rates had been a surprise,

Dr Markus Lusser, vice-president and president-elect of the

National Bank, said yesterday. Yields on Federal bonds have

climbed from around 4 per cent

in August to 44 per cent. The

interest rate on three-month

Euro-franc deposits has risen above 4 per cent for the first

time in about a year.
Expectations of stronger in-

flation in Switzerland were unfounded. Dr Lusser said. The

jump from last year's 0.8 per cent annual inflation rate to al-most 2 per cent in the third quarter this year had long been; forecast and had been account-

ed for in nominal interest rates,

The only explanation for recent movements in Swiss rates

was to be found abroad, particularly in the US, where inflation-

ary expectations had brought about higher rates and donward

pressure on the exchange rate. Swiss "fundamentals" offered

no reason for a further increase

in rates, Dr Lusser said.
Mr Pierre Languetin, the cur-

rent president of the National bank stressed that the easing in

្រះ

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By William Dullforce in

which includes Saudi Arabia, Kuwait, Oman and the United Arab

The EC agreed on a two-phase approach, offering a co-operation agreement with a standstill in the first phase, followed by more sub-stantive trade negotiations leading to a possible free-trade area sometime in the future.

rangements. erlands, which are concerned about
The 12 had agreed to rush protecting petrochemical industries

On the other hand, GCC states made it clear that the proposed mandate was not even worth talking about, in an aide-memoire circulated to EC states last week.

Mr Claude Cheysson, European Commissioner responsible, suggest-ed to the Council of Ministers on Tuesday that they offer an immediate co-operation agreement, with an equally early start to substantive trade talks, in effect pulling the two phases together.

THE EUROPEAN Commission is likely to give a conditional green light to the French Gov-ernment's decision to write off

about FFr 12bn (£1.2bn) of Re-nault's debts, William Dawk-

ins writes. Commission officials yester-

day confirmed that they had been fully notified of the scheme, as is required under EC competition rules, and that they would come to a final decision within the next two months.

A MUCH-vaunted effort by the through a negotiating mandate for threatened by competition from the UK and the Netherlands as a siginificant change from the first propos

> The biggest problem in the council was that all the foreign ministers had left, except for Mr Uffe Ellemann-Jensen, Danish Foreign Minister in the chair. Mr Hans-Die trich Genscher, West German Minister, who inspired the move to get the negotiations rapidly under way failed to attend.

Whatever the EC now offers will tend to look lame and belated if the ministers can actually agree on any common position when they mee

# EC research changes outlined

LONG-AWAITED plans to tight-

LONG-AWAITED plans to tighten up the management of the
EC's four high technology joint
research centres were published yesterday.
Under the proposals, adopted
by the weekly meeting of the
European Commission, the centres would cut their dependence on the EC research budget so that 40 per cent of their get so that 40 per cent of their funds came from outside sources by 1991. This falls a long way short of earlier UK calls for

the centres to be privatised.

But it does answer many of the criticisms voiced in an independent report to the Commis-sion by a panel of top industri-alists led by Mr Harry Beckers, research director of Shell. That accused the centres of being in-efficiently managed and out of

many, conduct research into a wide range of subjects from nu-clear safety to alternative energy sources and pollution con-trol. The Italian centre, based touch with commercial reality.

The centres, opened in the mid 1950s in Italy, the Nether-the largest and most criticised

Yesterday's proposals envis-age that 15 per cent of the centres' resources should come from contract research for gov-ernments and companies by 1991, with a larger proportion coming from other Commission

departments.

The plan does not, however envisage any cut in the centres' Ecu690m (£476.1m) allocation for the next five years under the EC's research framework pro-

grammes.
Instead, it proposes that the centres' loosely organised mass of research projects should be re-organised along four lines: specific programmes that form part of the EC's overall research framework, work for the Search framework. Commission's technical services, contract research for third parties, and exploratoring "new areas of researcy to sup-port Europe's technology strate-

# Brussels merger plan defended

BY WILLIAM DAWKINS

MR PETER Sutherland, the European Commissioner responsi-ble for competition policy, yes-terday defended his attempts to

has been held up in debate be-tween national officials for the

He told a meeting of the European Parliament's Economic and Monetary Affairs Committee that long-delayed proposals for EC merger legislation formed "an integral part" of the Community's drive to complete a fully free internal market by 1992.

A regulation which is threatening to scrap which, it is threatening to scrap which, it is threatening to scrap which, it is threatening to scrap which only allow Brussels to vet takeovers after the event.

"Since competition in the same of the scheme in principle, failing which it is threatening to scrap which only allow Brussels to vet takeovers after the inclusion which its threatening to scrap which it is threatening to scrap which, it is threatening to scrap which whic

petitive cross border takeovers market structure should be made at Community level rather than national level," he said.

Britain, an otherwise keen advocate of the internal market, is more sceptical over EC merger control than any of its Commu-nity partners. It fears the pro-posal could unecessarily hamper international takeovers

However. Mr Sutherland emphasised yesterday: Those who favour the completion of the inrestrictions on the money supply growth had stemmed primarily from concern for the give Brussels the power to vet in Swiss franc exchange rate.

#### **Bonn urges US** action on Louvre accord

By David Mersh in Bonn

THE West German government made clear yesterday it expected economic policy ac-tion from the US to back up the Louvre currency stabilisation

In remarks which indicate irritation in Bonn about last etary policy by Mr James Bak-er, the US Treasury Secretary, Mr Friedhelm Ost, the Bonn government spokesman, stressed Washington's respon-

stressed washington's respon-sibilities over the agreement. Pointing out that it was cru-cial that the Louvre accord be fulfilled, he told reporters: This concerns above all the

Mr Ost's comments were more accribic than remarks made on Tuesday by Mr Ger-hard Stoltenberg, the Finance Minister, and Mr Karl Otto Poehl, the Bundesbank presi-

dent.
Both men, who met Mr Baker in Frankfurt on Monday to reaffirm their commitment to currency stability, have been anxious in their public state-ments to back up efforts to calm warld financial markets cain work imancial markets after this week's turbulence. However in private West German officials have criti-cised Mr Baker's remarks last week and stressed that the

Bundesbank is unlikely to change its basic stance of attempting a mild tightening of monetary policy in coming The Bundesbank contrib-

the bundesbank contrib-uted to lowering fears of higher interest rates yesterday by imposing a fixed interest rate of 3.90 per cent for its lat-est one-month securities refi-nancing operation with Ger-man banks. The central bank brought in a fixed rate this week for the refinancing rather than allow-

ing the rate to be set by tender, which could have resulted in which could have resulted in banks driving the interest rate higher. The 3.80 per cent level, down from 3.85 per cent set af-ter the tender last week, was regarded by the Frankfurt fi-nancial markets as a sign that the central bank wanted to demons at least temperarily. dampen at least temperarily a rise in short term interest

The Bundesbank is worried about the potential longer-term inflationary effects of rapid overshooting of its money supply target this year for the second year sunning.

# **Booming business drives** motorists to the edge

By David Barchard in Ankara

Turkev

Turkey's distribution system, however, relies on under-powered trucks. These crowd

Traffic levels on some major

roads are well above what is suitable for a two lane high-way," says Mr Atalay Coskunog-lu, Director-General of Turkey's

On some trunk roads the aver-

much higher proportion than on a Western highway," says Mr

Not only is the density of the

traffic high, but the trucks which make up the greater part

rarely crash barriers to protect

. .Turkey's major highways.

The burned-out wrecks of lor-

Coskunoglu.

the loads they carry.

State Highways Organisation.

A TRUCK, travelling in the opposite direction to you on an overcrowded and winding mountain road, tires of the tedium of staying in the bumper to bum-per traffic on his side and

crosses over.
Oncoming traffic has a split second choice between a head-on collision and retreating to the gravel on the road's verge, inches from a thousand foot ravine. foot ravine.

One truck comes past in this fashion, then another, and another, forcing oncoming traffic off the road 25 times in 35 min-

tes. This is not a scene from a fiendish computer game or a horror movie but a typical after-noon's driving through the Tau-rus mountains, along the road which links Turkey with the Middle East.

The rapid expansion of the Turkish economy in the last seven years has brought with it some of the worst traffic prob-lems in Europe and a horrifying toll in accidents.

Each year in Turkey, according to Professor Ridvan Ege. head of the Traffic Accident Prevention Institute in Ankara, around 60,000 Turks are injured in road accidents and about 6,000 die. Yet Turkey has by far the lowest number of passenger cars per thousand of the popu-lation of any country in the Organisation for Economic Co-op-eration and Development - 18 compared with 312 in the UK or 424 in West Germany or 135 in

Other international comparisons are equally bleak. Roughly speaking, one has an eight times speaking, one has an eight times greater chance of dying in a ate below specifications acceptain a step of the specifications acceptain the specifications acceptain the specifications acceptain at the below specification at the below specificatio

uation seems to be getting worse. The number of road acciworse. The number of road accidents each year jumped by 58 per cent between 1981 and 1985, lations about the number of a reflection perhaps of the growing numbers of vehicles on growing numbers of vehicles on this may end with the introduction of the production of Turkey's roads.

Just why this should be so is tion of tachometers.

Drivers travelling for hunger on convested

not immediately obvious. Though Turkey has certain ov-ercrowded arterial routes such dreds of miles on congested roads, frequently through the night, often fall asleep at the wheel. When they do, there are as those linking Istanbul and Europe with the rest of the Middle East, its 60,000km network of asphalted roads is a considerable engineering achieve-ment in many parts of the counment in many parts of the counries and buses which have
try, roads often seem to be of a plunged from the roadside into
better standard than the volume of traffic carried on them quent and woeful sight along

An equally common sight is a line of trucks being stopped by the Turkish traffic police - but traffic safety does not seem to be high among the concerns of the police, who are usually checking that driving and vehicle licenses are in order.

A vehicle on the wrong side of the road driving deliberately police," says one Turkish driver. "What they want to know is whether or not your documents are in order. And bribery is frankly very common. Some po-liceman take advantage of the

regulations to harrass drivers and line their own pockets." Road safety regulations are in any case often largely a matter of theory, with none of the supporting publicity usual in Eu-rope. For years Turks were sup-posed to wear safety belts but the obligation was not enforced. Last summer the police began to line drivers on long distance routes who were not wearing safety belts, but the requirement is presented as a legal ob-ligation rather than something

which will save lives.

Foreign tourists are usually waved through barriers by the age daily traffic is over 6,000 vehicles, of which more than half is heavy vehicles. This is a police with a courteous smile, but every summer brings a rash of serious accidents involving visitors to the country. The legal consequences for any foreigner ous. In some rural areas, courts still tend to assume that a local man is more likely to be inno-

cent than a foreigner.

Not all the European cars inof it are often underpowered for volved in crashes belong to for-eigners. The most lethal drivers Turkish-built trucks, espe-cially the smaller ones, have less than 10hp per ton and oper-ate below specifications acceptin Turkey are said to be gues-tworkers returning from West Germany for their holidays. hurtling across the country in newly-bought cars and trying to squeeze in as much time as pos-sible in their home towns.

Professor Ege believes that three things would help bring road safety in Turkey closer to As a result, Turkey's major in-tercity highways are clogged with slow-moving traffic. Regucuropean standards: more edu-cation, more police concern with road safety and less with formalities, and more invest-ment in hospitals which speci-alise in traffic accidents.

He was speaking in Ankara's main traffic accident hospital on a highway at the edge of the city, currently shut down and due to reopen next year.

The death toll seems likely to go on until official attitudes change. There is no sign that they will. Two years ago Turkey turned down flat an invitation to participate in European Road Safety Year.

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# Confidence ebbs as Papandreou ponders poll omens

ONE OF the most popular pastions, without either much times in Greek political life is warning to the public or consultrying to guess the date of the next general election and it has been a flourishing pastime since the September 22 reshuffle by Mr Andreas Papandreou, left-wir the Socialist Prime Minister.

The reshuffle the thirteenth been defined in the second seco

three senior party figures ousted from their ministerial jobs in the twelfth government change last February.
The next elections are due in

June 1989, when Pasok's second four-year term in power, se-cured with 46 per cent of the vote in 1985, expires. But Mr Papandreou has the constitutional leeway to hold earlier elections should be judge such a move to

stringent economic stabilisa. More recently newspapers have tion measures and the pro-turned to an even more sensi-American shift in foreign policy tive topic - the Prime Minister's

tation within his own party

For months, Greek press headlines, including those of left-wing newspapers broadly the Socialist Prime Minister.

The reshuffle, the thirteenth since the Pan Hellenic Socialist Movement (Pasok) came to powers ago, restored a strong party presence to the Government by reinstating which continues still. Summer, wormally a time when the nub. normally a time when the pub-lic turns its mind away from the blunders of its politicians to-wards the beach, provided no respite this year.
July's killer heatwave which

led to hundreds of deaths and generated macabre chaos in state hospitals and cemeteries, followed by persistently high levels of atmospheric pollution in Athens through the first should be politically expedient.
At present, however, the Government is labouring under a massive crisis of confidence. It is only partly traceable to the



Mrs Papandreon: under attack

mally tolerant press and pubic opinion was sparked by an injuopinion was sparked by an injudicious newspaper attack, apparently organised by sources close to Mr Papandreou, on the political activities of the Prime Minister's dynamic American wife, Mrs Margaret Papandreou. orivate life.

Mrs Papandreou, founder of the feminist Union of Greek Wom-

planning to set up her own women's political party, reports she

But the exchange was enough to spark off a series of Greek press articles, the substance of which has not been denied, claiming that Mr and Mrs Papandreou's marriage of 36 years was strained over the Prime Minister's alleged relationship

with another woman.
While the political cost remains to to be counted, the tenor of Greek public reaction was efficiently captured in a Sep-tember 28 editorial carried in Elftherotypis, a leading left-wing daily: "Everybody has the right to reject his private life being made public. But when the person concerned is a poli-tician who embodies a nation's hopes for progress and change...More careful movements and a greater sensitivity to public reaction is required."

the newspaper warned.

A set of opinion polls conducted last summer showed voter support for Pasok to have plunged to between 25 per cent and 28 per cent, a 10-year low. While internal dissent has pre-

en, was attacked for allegedly takis' Conservative New Democ- es' racy (ND) party, Pasok's main challenger, from capitalising fully on the Socialists' losses, the same polls nevertheless gave the Conservatives a 6 per cent to 7 per cent lead.

Turkey, and to submit any such cent to 7 per cent lead.

The sole encouraging figure for the Government is the high level of voters registering as undecided, ranging from 15 per cent to 30 per cent. Poll analysts believe most of the undecided to be disaffected leftists, in theory subject to being wooed back to Pasok

Against this background, some analysts argue that Mr Pa-pandreou would profit by cut-ting his losses and holding early general elections in the spring of 1988. The Government it is argued, could thus capitalise on the relaxation of wage policy it has promised in January 1988, to mark the formal end of the

two-year stabilisation pro-gramme introduced in 1985.

This timing would also bring the elections forward of the conclusion of negotiations, expected to start in early November, for a renewal of the 1983 to 1965 agreement on the opera-tion of the four US military bas-

Turkey, and to submit any such agreement to a referendum before signature.

Meanwhile opposition parties on both the left and right have joined forces in demanding early elections now. The smaller parties, including the pro-Moscow Communist Party of Greece, are also calling for a change in the electoral system. which at present is weighed in favour of larger parties, to a direct proportional system under which the share of seats gained in the 300 member house would be directly equivalent to the share of votes.

So far the Government's response to all this has been the stock reiteration that elections will be held in 1989 and that the

will be need in 1989 and that the country enjoys an adequate electoral system. It is a central tenet of election prediction, however, that government statements on the timing and man-ner of the next elections are never to be taken at face value.

# Spanish union's rift grows with government

de Trabajadores, gathered pace yesterday following the deci-sions by Mr Nicolas Redondo. the UGT veteran leader, and the union's organising secretary. Mr Anton Saracibar, to resign their Socialist seats in parliament in protest at the government's budget proposals.

In a further hostile move to-

In a further hostile move to-wards the government, the UGT announced that it would co-sponsor a series of moves among public service employ-ees and pensioners with its ri-val union, the Communist-led Workers Commissions, to pro-test excited 4 pensions colling test against 4 per cent ceilings on pensions and public sector wage rises that are outlined in the budget.

Mr Redondo, who has sat as a

Mr Redondo, who has sat as a Socialist MP representing his mendment that seeks to drop its native Bilbao since free elections were restored to Spain in 1977, has increasingly emerged as the chief critic of the pragmatic policies pursued by the government of Prime Minister the links between the party and Felipe Gonzalez since it was elected to office in 1982.

An austere one-time steel-

THE GROWING estrangement worker who was arrested on nu-between Spain's Socialist gov-ernment and its "fraternal" union activities during the trade union, the Union General Franco years, Mr Redondo, 60, is widely admired for his integ-rity and is hailed as the socialist conscience" of the governing

party.
Mr Redondo's decision to remr necondo's decision to re-sign over the budget proposals for pensioners and public em-poyees reflects his often stated belief that the government has veered excessively towards the right and favours businessmen and bankers rather than its own working class rank and file. Following his resignation Mr Redondo will be under pres-

Redondo will be under pres-sure to serve as a rallying point for the left-wing of the party in the run-up to the Socialist Par-ty's congress, held every three years, which is scheduled for next January. The party is due to debate a controversial an-

# Yugoslavia plans legislation for debt-equity swaps

BY MARGIE LINDSAY

YUGOSLAVIA should have legislation in place by June 1988 which will allow debt-equity swaps. According to Mr Svetozar Rikanovic, the Feder-al Secretary of Yugoslavia, the country first needs to adjust the legal system in order to al-low this type of investment.

Laws providing for debt-equity swaps are not yet in place, said Mr Rikanovic. "Ahead of us is the very serious business of adapting our legal system to

An analysis of how debt-eq-uity swaps would be used to help Yugoslavia over its present financial crisis has already been prepared, along with new laws which would encourage foreign companies to buy debt at a discount. However, it would be unrealistic to expect legislation to be in place before the first half of next year.

"We also stand open to some innovative solutions (to the debt problem) like debt repay-ment in dinars ... which means

new possibilities and forms for more sizeable foreign invest-ments in Yugoslavia, said Mr Rikanovic, speaking in London this week.

Mr Rikanovic hopes the new economic programme, formal-ly announced in the Federal Assembly (parliament) this week by the Prime Minister, Mr Branke Mikulle, will lead to fresh injections of Western investment in Yugoslav indus-

During his London visit, Mr

Rikanovic met Mr Nigel Law-son, the British Chancellor of the Exchequer, and Sir Geof-frey Howe, Foreign Secretary. He explained the growing crisis in Yugoslavia and what measures the country was taking to reduce inflation and boost business confidence.

Mr Rikanovic said the talks were very interesting for both sides and that Mr Lawson and Sir Geoffrey believed the economic programme being de-bated in Yugoslavia could bring about positive results.

But British creditors and the Government are waiting to see positive signs from Belgrade. This week Mr Robin Leigh-Pemberton, the Bank of England Governor, is in Belgrade to talk with his opposite num-ber in the National Bank. His visit is the first by a governor

of the bank since 1978.

At the end of the month, the Yugoslavs will meet their Western creditors in New York in an attempt to agree resched-nling of the country's foreign debt, new totalling \$20bn.

#### Poles may turn to West for aircraft

A SENIOR government official has hinted that Poland is considering equipping Lot, the national airline, which has traditionally been supplied by the Soviet Union, with some Western aircraft, Christopher Bobinski reports from Warsaw.

The statement came from Mr Zbigniew Szalajda, the Deputy Premier responsible for indus-try, who headed the govern-ment's inquiry into the crash of Lot Ilyushin 62-M airliner last May. The inquiry recommended enhanced safety and mainte-nance procedures for Lot's So-viet-built IL 62-Ms.

On the issue of equipment for Lot, which until recently was a taboo subject in the media, Mr Szalajda said: "We are talking to our traditional Soviet supplier to whom we want to go to re-equip the airline, but I do not exclude the possibility of sup-plementing the Lot fleet by oth-er suppliers."

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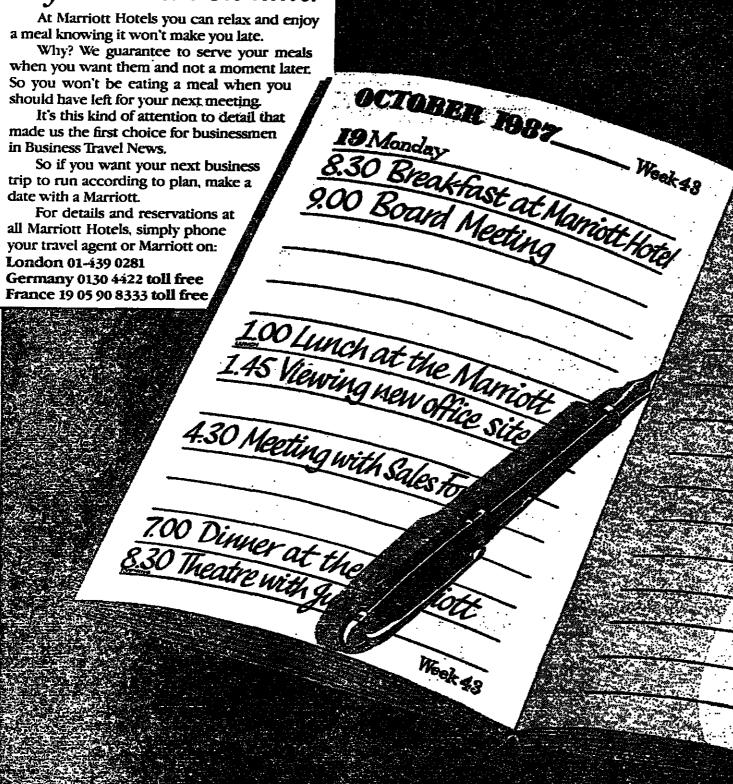
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Rights offer of linked units of shares and unsecured compulsorily convertible debentures in Barplats Investments Limited ("Barplats")

The directors of Rand Mines and Vansa announced on 7 October 1987 that Barplats will raise approximately R360 million by way of a right offer to its shareholders of 1 162 000 linked units at R310 per linked unit, each unit comprising (a) ten shares of one cent each at a price of R15 per share; and

(b) eight 8 per cent unsecured compulsorily convertible debentures of R20 each at par;and that Rand Mines and Vansa would renounce a portion of their entitlements in favour of their respective shareholders.

Stock Exchange listing

The Johannesburg Stock Exchange ("the JSE") has granted a listing for: (a) 1 162 000 renounceable (nil paid) letters of allocation ("the letter of allocation") from Monday, 26 October 1987 to Wednesday, 18 November:

(b) 29 142 491 ordinary shares of one cent each from Thursday, 19 November 1987.

(c) 9 296 000 per cent convertible debentures of R20 each from Thursday, 19

Rights offer

Rand Mines' shareholders registered as such on Friday, 23 October 1987 will be entitled to linked units in Barplats at R310 per linked unit in the ratio of two linked units for every 100 Rand Mines shares held.

Vansa shareholders, convertible preference shareholders and optionholders registered as such on Friday, 23 October 1987 will be entitled to linked units in Barplats at R310 per linked unit in the ratio of one linked unit for every 100 ordinary shares, convertible preference shares or options held.

The salient dates of the rights offers will be: Listing of the letters of allocation Rights offers open

Last day for dealing in letters of allocation Last day for splitting letters of allocation in London (14h30) Last day for splitting letters of

allocation in Johannesburg (14h30) Listing of Barplats shares and convertible debentures commences Rights offer closes (14h30)

Last day for postal acceptances posted on or before Friday, 20 November 1987 Share certificates posted on

Monday, 26 October 1987 Friday, 30 October 1987

Wednesday, 18 November 1997

Wednesday, 18 November 1997 Thursday, 19 November 1987

Thursday, 19 November 1997 Friday, 20 November 1987

Wednesday, 25 November 1987 Wednesday, 2 December 198? All times given are local times

Circulate to shareholders

Circulars containing full details of the rights offer, together with the letters of allocation and the Barplats' prospectus, will be posted on Friday, 30 October 1987 to Rand Mines and Vansa shareholders and optionholders registered as such on Friday, 23 October 1987. Copies of the rights offer circulars will be available for inspection at Hill Samual Registars Limited, 6 Greencoal Place, London SWIP IPL.

Johannesburg 22 October 1987 Look around your office.

There are two distinct kinds of work going on.

You'll see that the structured tasks like order processing, accounting and stock control have benefitted from the application of computer technology.

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fingertips. "Ethernet" is modelled on the way people interact in groups. It connects computers, workstations, electronic files and printers so information can be shared. Using electronic scanning you can even capture illustrations and

hardcopy documents. Personal workstations enable you dynamic office system. to see on the screen exactly what you'll get in print, so you

can publish your message in well presented "compound documents."

All this will make you feel comfortable to do some real thinking instead of just reacting. Then we can support you further with artificial intelligence sympathetic to your thought processes

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# According to Rank Xerox, an office system can only help people think, if it begins by thinking about people.



tation in the bush country of southern Angola is, on the face of it, a carbon copy of the situation two years ago. But this time the international stakes appear

Heavily-armed government troops, supported by Cuba and the Soviet Union, are hoping to capture the airstrip at Mavinga-which is long enough to take lumbering Soviet transport planes - before advancing on the headquarters of the US-backed Unita rebels at Jamba further south.

Dr Jonas Savimbi, the rebel leader, is hoping for timely South African air strikes and for early rains to bog down the mechanised forces of the ene-my. His men are dug into bunkers and foxholes around Mavinga, once a pretty Portuguese town but now a shell.

Two years ago the Government suffered a crushing defeat at the Lomba River just north of

Battle lines have been drawn again, Victor **Mailet** reports

mibia apparently taking advan-tage of a brief lapse in the Government's air defences, destroyed a densely-packed armoured column advancing on

Since then the involvement of the two superpowers in the 12-year-old civil war has steadily increased.

Although the two former Portuguese colonies of Mozambi-que and Angola have suffered comparable levels of devastation, Angola's war, funded on the government side by exports of oil, employs immeasurably more hardware.

For the past year Soviet armaments - \$1bn worth according to US officials - have been pouring into Angola. Transport planes Mavinga when South African queue up at the airport in Luan- Unita, which already takes air cover for its forces on the jets based in neighbouring Na- da to ferry the equipment south advantage of Angola's porous ground more hazardous.

Dr Savimbi now believes that borders with Zaire and Zambia, he is faced with the Govern-ment's most determined offensive yet, and says that there are more than 18,000 troops, led by a Soviet general and supported by 100 tanks, poised to attack

Mavinga ed S Units is not without allies siles. The South Africans publicly acknowledge that they support Unita, which they regard as a useful force for keeping Angola weak and for hampering infil
weak and for hampering infil
weak and for hampering infil
weak and for hampering infiltration into Namibia by nation-alist guerrillas of the South come too deeply embroiled in West Africa Peoples Organisa-the Angolan conflict.

When South African soldiers die, it usually happens in what is officially called "the operational area" - a flexible zone stretching from northern Namibia to somewhere in Appels 1bia to somewhere in Angola. In addition South Africa has a special battalion composed largely of black Angolan exiles for operations north of the Nami-bian border.

Savimbi visited the US and saw even these can go wrong, as Ma-President Ronald Reagan last jor Wynand du Toit discovered year and is reported to have when he was captured in the far been provided with sophisticated Stinger anti-aircraft mis-

fences running from Lubango to Cuito Cuanavale. Recent unconfirmed reports suggest that Luanda is now using its new MiG 23s, which if true will make South Africa's efforts to provide

is now also supplied with weap-ons by the US through Zaire. Dr otage raids by comment pre-fers small-scale forays and sab-otage raids by comment prenorth of Angola near some oil installations in 1985. He eventually returned home last month after a prisoner exchange in-volving 133 Angolans held by

Unita.
The South African authorities do not want too many white soldiers killed in an unpopular foreign war, and the same could be said of the Russians. They and the Cubans generally stay well away from the front line, to the chagrin of the Angolan con-scripts following their orders. Whatever happens in southern Angola before the on-set of the rains, it is not likely to

end the civil war. Nor is it likely to bring any nearer a solution to the conflict in Namibia, with South Africa and the US still insisting on the withdrawal of some 30,000 Cuban troops from Angola as a condition for Nami-



bian independence.
Unita, fielding about 60,000 men against the Government's 100,000, holds no major towns but operates all over the coun-

to instil fear into Hindus as they celebrate their annual

NAMIBIA

# Iran offers to 'call it quits' after revenge

IRAN said yesterday it was determined to get even with the attack on Monday on two Iranian oil platforms in the Gulf and

agency, as saying that after we deal our reprisal blow we will call it quits.

It was unclear whether this well. Eye-witnesses reported was an implied invitation to the flames and smoke billowing US to halt further tit-for-tat strikes in the Gulf

Mr Monsavi was speaking to the Iranian press on board his aircraft on his way back to Teh-ran from Syria where he had been consulting with the Syrian leadership According to IRNA, Mr. Mou-

savi disclosed that the "US has sent a message through Syria saying if Iran does not retaliate ...Washington will halt provoca-

"Our response to the message was we will not let any blow go unanswered, compromise is im-possible and we will retaliate (against) the attack. TRNA quoted Mr Mousavi as saying.

Gulf states are meanwhile bracing themselves for an Iranian reprisal. The mood in Kusait is jittery.
Oil and port officials on the

Saudi-Kuwait border were cuts in the area or in Kuwait quoted as saying that all oil refl- City itself.

neries and export terminals were operating normally.

The Central Gulf Iranianchartered tug boats were still late yesterday fighting a blaze on the Rostam Oil production on the Rostam Oil production with Mir. Hossein Mousavi, Iran's Prime Minister, was quoted by IRNA, the Iranian news agency, as saying that 'after we platform in an effort to extin-

> hundreds of metres into the air. Iraqi jets have resumed air strikes in the Gulf after a break of eight days. In Baghdad a military spokesman said aircraft struck a maritime target near the Iranian coast late on Tuesday. There was no independent confirmation that a vessel had

> guish the blaze and cap the

A fresh American convoy was heading yesterday for the Sea of Oman outside the Gulf. Two tankers, the 80,000-tonne Ocean City and the 46,000-tonne Gas

King, were being escorted by two US warships.

Joan Wucher King reports from Kuwait that the American Embassy strongly denied reports of an explosion yesterday at the Mina Saud power station in Southern Kuwait. Visual in-spection of the plant revealed no evidence of damage, and there were no signs of power

#### Sikh militants rounded up in move to halt Amritsar rally BY JOHN ELLIQTT IN NEW DELHI

SECURITY precautions were stepped up across north-west India yesterday in an attempt to curb activities of Sikh ex-tremists who killed 11 people in New Delhi suburbs on Tuesday night in advance of a major rally in the Sikhs' Amritsar Golden Temple today.

temists were taken into tempo-rary custody yesterday from the Golden Temple and other parts of the troubled northern State of Panjab as security forces tried to stop the rally, called a Sarbat Khalsa, from being staged in the temple by the Sikhs' militant five-member panthic committee.

The Government fears that the rally could increase mili-tant calls for Khalistan, the ex-

tremists' name for an indepen-dent Sikh state of Punjab, and lead to an escalation of vio-lence. Already more than 1,000 people have been killed in the Punjab this year as the politi-cal and security situation has deteriorated.

deteriorated.
The imposition six months ago of president's rule, which involves direct rule from Delhi, has not led to an easing of the situation. The system of president's rule is expected to be extended

The killing of 11 Hindus by Sikh extremists in southern

Delhi suburbs on Tuesday night marked the second random assassination attack by Sikh extremists in the city durfirst, in June, was the worst terrorist attack in the capital for two years and 12 people

Tuesday's attack was staged

new year festival of lights, called Diwali, today. Extrem-ists hope to provoke a Hindu backlash which would force Sikhs living outside Punjab to move back to their home state, while also driving out Hindus who live in the state.

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Embankment, London SE1 7SN. **British Steel** In shape for things to come.

#### Indians offer surrender terms to Jaffna Tamils

The

INDIAN FORCES besieging militants who hand over their arms will be provided full secu-rity and protection by the pea-Jaffna town in northern Sri Lanka renewed appeals yesterday to trapped Liberation Tigers of Tamil Eelam guerrillas to surcekeeping force. They will also be granted full amnesty. render their arms, Reuter re-

ports from Colombo.

An Indian High Commission An Indian High Commission official told reporters that leaflets were being dropped over rebel areas assuring them of full security and protection if they surrendered their arms. The same message was being repeated constantly over radio and by loud hailers in Tamil and English.

But the official stressed there

and English.

But the official stressed there would be no letup in the Indian military drive against the guerrillas holed up in Jaffna. She said the surrender call was renewed because rebel radio intercepts "clearly indicated that a large number of... cadre are in favour of surrendering their arms."

She said the surrender mes-sage was specifically directed at Tiger cadres. Under its terms

house-to-house fighting was going on as Indian troops moved towards the center of town. She said in 12 days of fighting, 127

official

Indian troops have been killed, 379 wounded and 27 listed as missing in action. Rebel loses were given as 607 killed, based on a body-count, and more than 280 captured. In the first independent eyew iness account of the fighting in Jaffas, a Sri Lankan correspon-dent working for Reuters who could not be named for security reasons, said the Tigers were holding off the Indian troops at

the outskirts. India began its attack on October 10 to enforce the July 29 In-do-Sri Lankan peace accord giving Tamils more autonomy in

#### S Africa peace talks fail

TALES BETWEEN the United Democratic Front and the In-laths organisation have failed to end a year of grawing vio-lence in Pictermaritzburg's black townships, Jim Jones re-ports from Johannesburg.

The violence, scarcely noted in official police reports, has claimed the lives of more than claimed the fives of more than 90 people in the past year and 42 in the past mouth, and is es-calating with almost daily evi-dence of mainings, petrol bomb attacks on homes, ston-ing of motor vehicles and kill-

ings.
At its simplest level the at his simplest level the fighting is about which black group will control the Natul capital's black township life. Inkatha draws most of its support from Zulus and is generally regarded as more conservaport from Zahus and is generally regarded as more conserva-tive than the UDF, an umbrella anti-apartheid organisation of unions and civic groups. The UDF is detested by the Botha government while Inkatha is, at best, tolerated.

#### Nyerere to keep key post

By Michael Holman, Africa Editor TANZANIA'S former president. Mr Julius Nyerere, looks set to extend his term as chairman of

the country's ruling party and thus retain a powerful political influence.

The executive committee of the Chama Cha Mapinduzi party meeting in the capital Dodoma, at the start of a ten-day national conference. yesterday nominated Mr Nyerere for a further term as chairman. Three years ago he stood down as president and was succeeded by Ali Hassan Mwinyi. Mr Nyerere had said at the time that he would relinquish the party post this year. influence.

year.
Under Mr Mwinyi, Tanzania has resolved its differences with the International Monetary Fund and World Bank and begun to encourage the private sector. Mr Nyerere's nomination as chairman is almost certain to be confirmed next week

tain to be confirmed next week by the party congress.

#### Philippine police break up illegal strikes

BY FICHARD GOURLAY IN MANILA

PHILIPPINE police began breaking up illegal strikes throughout Manila yesterday following President Corazon (Aquino's pledge to businessmen on Tuesday to crack down on militant unions, many of which have ties with the Communist Party of the Philippines.

The police started by remov-

The police started by removing small camps and barricades that have grown up around illegal picket lines and which increasingly symbolised how the Government was not applying clear labour laws.

clear labour laws.

Businessmen, politicians and foreign bankers yesterday strongly welcomed the actions Mrs Aquino has already ordered to back up her get-tough policy on illegal strikes. They also welcomed her comments on many of the issues that have sparked the feeling that the Government is adrift without direction after a failed coup on August 28.

August 28.
Mrs Aquino came across as ready and more than willing to confront the threats to her Gov confront the threats to her Gov-ernment from communist-led guerrillas and renegade mili-tary rebels. She poured scorn on the old-style politicians try-ing to destabilise her Govern-ment and who, she said, were trying to regain their past privi-leges through the back door. T

except elections in 1992." Mrs Aquino said.

She told the previously sceptical business community that she would drop her method of governing by consensus, pledging that. "Henceforth, I shall rule directly as President," and immediately issued some very hands-on orders to clear Manila's streets of rubbish

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Debentures Due 2001

NOTICE IS HEREBY GIVEN that pursuant to the provisions of the Indenture dated as of May 8, 1986 between AirCai Inc. ("AirCai") and Manufacturers Hanover Trust Company of Cairfornia. Trustee, as amended, 2 Third Supplemental indenture dated as of July 16, 1987 has been executed providing that due to the merger of AirCai into American Airlines, Inc. ("American"). American Airlines, Inc. ("American"). American date as assumed all of the covenants of AirCai in the Indenture and the Debentures. Copies of the Third Supplemental Indenture may be obtained from the office of the Trustee, 50 California Street, 10th Floor, San Francisco, California 94111. U.S.A.

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# BeforeHoskyns



'AHA!" THOUGHT PHILIP.

HOWEVER, IN THE D.P DEPARTMENT....

# After Hoskyns





'AHA!" THOUGHT PHILIPAGAIN!

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at Bethesda Naval Hospital rel politics which has produced whirring noisily in the back- his country's trillion dollar ground President Ronald Re- Federal budget could be supagan shouted bitterly to report- pressed no more. ers gathered on the White House lawn "the Congress is re-

sponsible for the deficit." The President had just finpared earlier in the afternoon Reserve Board Chairman, and

what appeared to be the hand of want Mr Reagan to agree and conciliation to critics on Capiget them off this electoral hook

blades of the helicopter which his 30 years of fighting what he would take him to see his wife sees as the profligate pork bar-You mentioned the Demo-

crats, the 76-year-old President shouted over the noise of the helicopter engines. For virtualished reading a statement pre- ly half a century or more they have controlled both Houses of by Mr Howard Baker, his Chief the Congress. And for more than of Staff, Mr James Baker, the half a century there has been, the Congress. And for more than Treasury Secretary and Mr with only single year excep-Alan Greenspan, the Federal tions, a budget deficit."

Now Mr Reagan is clearly unaimed at calming financial mar-kets whose spectacular gyra-tions are threatening to tip the is not just the Democrats, who US economy into recession.

As the centrepiece of that again on the need for a tax instatement Mr Reagan held out crease to solve the problem and

conciliation to critics on Capitol Hill who had been baying throughout the day for the President to drop his obstinate opposition to a tax increase as part of a budget deficit compromise and to hold a "summit". The first time he signalled that he was ready to meet with Congressional leaders to try "to reach agreement on a budget deficit reduction package."

Mr Reagan had read his lines get them off this electoral hook who are pressing. Republican Senators like Mr Robert Dole and Mr Alexander President to provide leadership and tackle the deficit issue. And there is of course the which is anxiously watching to see whether the collapse of world stock markets will trigger an outbreak of fiscal responsibilty in Washington. It is far from clear, however.

Mr Reagan had read his lines
like the good trouper he is. But just what Mr Reagan's vague now, as he was about to return commitment to enter into talks

ON Tuesday evening with the to private life his gut instincts, with Capitol Hill will add up to. blades of the helicopter which his 30 years of fighting what he Those in his party, who with an eye on next year's elections, fear that Wall Street's collapse believe a deficit compromise is needed to avoid that political disaster, would like to see Mr Reagan fulfil the implicit pledge he made on Tuesday and cut a budget deal.

But Mr Reagan is clearly in no mood in his last year in office to sully his political legacy by con-ceding anything which his political opponents could convincingly label a tax increase.
On the other hand the fact that Mr Reagan was prevailed upon to make the statement his

top financial advisers said was needed, just as they had insisted on the eve of the International Monetary Fund annual meeting that the sign the new Gramm-Rudman-Hollings deficit reduction package, does suggest that moderates like the two



Ronald Reagan: hand of

cratic budget experts on Capitol Hill say that this is the most that

can be anticipated As a symbolic step, and one which could help to pave the way to a more vigorous attack on the deficit in 1989 (if we get there without a recession) such a compromise, if consumated, is significant. But as Dr Henry Kaufman, the Salomon Brother Bakers may be able to inch the
President towards compromise.

Neither Wall Street nor the
West German Government
should raise their hopes too
high however. Mr Jim Wright,
the House Speaker, can try to
raise the ante, as he did on
Tuesday, by calling for the President to go beyond the \$23bn
ident to go beyond the \$23bn
ident to go beyond the \$000 cur. This to me is very disappointing for even if a budget ident to go beyond the \$23bn cur. This to me is very disap-deficit reduction package which pointing for even if a budget Congress is now working on un-der the new Gramm-Rudman-Hollings law. But even Demo- (optimistic) forecasts at \$162bn,

Canute James on problems facing a plan for unity among Caribbean states

# Islands fail to bridge differences

single state has lost much of the steam which accompanied the announcement earlier this year.

The enthusiasm has evaporate and has been replaced by attacks by some leaders on their colleagues, by proposals for alternative mergers, and by ambivalence as some of the leaders re-think the feasibility of the federation.

One leader has said bluntly that he wants no part of a unitary state, and three others have considerably tempered their original support, leaving the others with more than a small degree of difficulty in maintaining credibility in the idea. The seven countries - St Lucia, Dominica, Grenada, St Vincent, St

Kitts, Antigua and Montserrat -had agreed in principle to create a unitary state with a population of 550,000 over 1,000 sq m. Some leaders had suggested a federal republic based on a constitution to be put to a referendum in

the islands. They argued that such a union would make economic sense for the small states. The effort has been hit, however, by the blunt rejection of the plans by Mr Vere Bird sr, the Prime Min-

ter of Antigua, who says his country had no interest in being part of "a new form of colonialism." Mr Bird has bitterly attacked the Prime Ministers of St Lucia, St Vin-cent and Dominica - firm support-

giving Antigua a loan to rehabilitate the island's airport.

They went to the French and protested against them lending us the money, Mr Bird said. "So if they get us into this unitary state, we know what they are going to do

It is confusing, for while rejecting the proposed federation, Mr Bird has said he intend seeking some association of his island with St Kitts and Montserrat for "greater function co-operation" in the eastern

While the leaders of these two is-lands, and of Grenada, have not publicly withdrawn their interest in being part of a federation, they have not been speaking in support

All this, however, has apparently not dampened the enthusiasm for the federation among the leaders of St Lucia, Dominica and St Vincent. Mr John Compton, Prime Minis-ter of St Lucia, has repeatedly argued the case for the federation. saying it is a political and economic

He rejects suggestions that, un-der the federation, freedom of would be to the detriment of some

There is no point in talking about political union and one single government, if its citizens cannot

Caribbean islands to merge into a they tried to dissuade France from their own country. Mr Compton about political unity. says. These islands are at about the same level of economic developwe have about the same population

> no reason why there should be a mad rush from one to the other." Opposition parties in the seven islands say they support the federaached in a more orderly fash-

Mr Oscar Allen, leader of the Uncent, suggests that the current proposals for a unitary state are based on the failure of the economic policies of the current administrations. He said a new and carefully planned approach is needed instead of the "hasty and undemocratic in-itiative" which is proposed.

There is also concern within some sections of the regions' business communities that the regions' political leaders are really prepared for a merger.

political will for unity?" asks Mr a sufficient condition for achieving Ricky Skerrit, executive director of these highly desirable goals." the St Kitts Chamber of Industry

"We know that one or two coun-

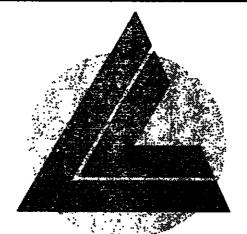
A PLAN by seven small, eastern ers of the federal idea - claiming move around or work or live in clans in the region are serious

The eastern Caribbean islands. whose economies are based on banment and, except for Montserrat, anas, spices and tourism, have a history of economic co-operation - 190,000 more or less - so there is which could provide the basis of political unity, all being members of the Organisation of Eastern Caribbean States, a sub-group of the Caribbean Economic Community. They tion plan, but insist that it must be have a common currency and co central bank.

Mr William Demas. Caribbean Development Bank President, feels ited Peoples' Movement in St Vin- that this provides a basis for viable political unity. "Because of their small size, these countries could benefit from having a single, unified and truly common market for goods and services, capital and manpower," he argues. There needs to be a total pooling of markets and resources among all the countries.

But he warns that political intesolve the financial and economic problems of the small islands. "Political union is a necessary, but not

Government officials in the three countries, who still actively back the planned federation, say the intries have expressed either total clination of the governments is to-disagreement or strong reserva- wards going ahead with the creadisagreement or strong reserva- wards going ahead with the creations. The business community is tion of a unitary state, rather than



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## **Brazil offers token** interest payment

BRAZIL is ready to make a to- from the banks to pay all the ken interest payment on its \$68bn of longer term commer-cial bank debt only if the banks commit themselves to a three year rescheduling agreement covering 1987-1989.

That was the unequivocal po-sition of Mr Luiz Carlos Bresser Pereira, the Brazilian Finance Minister, just three working days before US bank regulators must decide on whether to downgrade the status of the country's debt to value im-

Both the US banks and the Brazilians are anxious to avert a downgrading next Monday, fearing that this would merely harden negotiating stances. But as talks were continuing in New York yesterday there still ap-peared to be clear differences between the two sides.

Speculation has mounted, however, that the US regulators may feel unable to reduce the status of Brazilian debt following the dramatic events on Wall outstanding interest falling due for the first half amounted to an effort to force Brazil to end its mortatorium.

They speak about a token payment, but this amounts to a provisional settlement of 1987, the minister said. Brazil cannot accept because it wants to nego-tiate the debt for the next three years and make a real advance on the terms won by Argentina, Mexico and the Philippines.

"If we make a provisional agreement the negotiations will take much more time. That's bad for the banks, bad for the US bad for the capitalist world." He added that Brazilian for-eign exchange reserves - be-lieved to be at about \$4bn - and continuing payments of the \$8.5bn due this year to other foreign creditors and institutions made a full payment of the \$4.3bn in 1987 commercial bank interest impossible.

But the minister said he would be able to make a "real token payment as a goodwill Street this week for fear of provoking new falls in bank shares.

Speaking in Brasilia on Tuesday, Mr Bresser insisted that
Braxil could not accept the
banks' proposals for a substantial payment of interest
suspended since the country's
February 20 moratorium.

He claimed that pressure

Besture as long as the banks
agreed to negotiate without demanding from Brazil that the
outcome be linked to an accord
with the International Monetary
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also agreed on the simultanneous exchange of new loans
for interest payments and on
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outcome be linked to an accord
with the International Monetary
neous exchange of new loans
for interest payment is progress on procedural issues.

# **Solow wins Nobel** prize for economics

Professor Robert M Solow of the Massachusetts Institute of Technology for his contribution to the theory of economic growth.

The Royal Swedish Academy of Sciences said Professor Solow had made "exceptional contributions towards the study of factors which permit production growth and increased welfare."

Prof Solow, 63. is considered to have influenced questions of long term economic growthwhich were topical in the 1950s and 1960s but have since become unfashionable.

His most important work was concentrated on macro-economic growth.

Browned strictly fixed proportions. Prof Solow laid the foundations for "growth accounting." His analyses showed that only a growth could be explained by increased inputs of labour and classical change.

In the 1970s, he studied the role played by natural resources in economic growth and profits was not affected by technical change.

In the 1970s, he studied the role played by natural resources in economic growth and contributions for "growth accounting." His analyses showed that only a growth could be explained by increased inputs of labour and classical change.

In the 1970s, he studied the role played by natural resources in economic growth and increased inputs of labour and classical change.

In the 1970s, he studied the foundations for "growth accounting." His analyses showed that only a prowith could be explained by increased inputs of labour and the distribution of GNP between wages and profits was not affected by technical change.

In the 1970s, he studied the role played by natural resources in economic growth and increased inputs of labour and classical change.

In the 1970s, he studied the foundations for "growth accounting."

carried out in the 1950s; his growth theory model was pres-ented in 1956 in an article entiented in 1956 in an article enti-tled "A contribution to the theo-ry of economic growth." This model proved highly influential and spawned a host of so-called neo-classical growth models in the 1950s and 1960s leading to a better understanding of the long-term growth of economics.

Prof Solow's main contribu-tion was the analysis of the pos-sibility of changing the propor-tions of capital and labour used

THE 1987 Nobel Economics in production. By contrast pre-Prize was yesterday awarded to Professor Robert M Solow of the sumed strictly fixed propor-

concentrated on macro-economic questions involving unemployment and economic policy, and has been a member of the US President's Council of Economic: Advisers. He has been professor of economics at MIT since 1958.

He is a strong Keynesian not-ed for his great resistance to monetarist ideas. On one occa-sion, he was taken to task for lumping all the monetarists to-gether - to which he replied that to a poodle, all poodles look different, but to everybody else, all poodles look the same.

DOLDER GRAND HOTEL



#### WORLD TRADE NEWS

# Japanese machine Chinese tool exports to EC fall sharply

EXPORTS to Europe of Japanese machine tools, an emotive Cecimo is also industrial issue within the EC,

This severe fall has bemused tries with changed country-of-some European machine tool origin tags. makers, who have been pressing the European Commission to take action against the level of Japanese imports, though the machine tool industry itself is not sure what that could be.

On the face of it the import figures, collected by Contract of Machine tool industry itself is not sure what that could be.

On the face of it the import figures, collected by Contract of Machine tool maker, and most of these exports are believed to be Japanese in the contract of the contract of

There is evidence that the Japanese are switching strategy installing more capacity in Europe

European competitors: that their production and exports are down this year by between 20 and 30 per cent. Most of Japan's biggest machine tool makers have been making losses.

At the same time, there is now strong evidence that the Japanese are switching strategy by installing more assembly and production capacity in Europe.

Japanese machine tool makers have spent a lot of money doing this in the US. Now, within the past year or so, at least seven Japanese companies have

an machine tool companies.

However, European machine

However, European machine tool makers are suspicious about the significance of the Japanese import figures. Mr Lucien Rama, Cecimo's general secretary, says they might reflect a worsening of the European machine tool market, not a fall in Japanese penetration.

Measured by value, the Japanese had 45 per cent of the European machine tool market in 1980, 9.1 per cent in 1985 and 8.9 per cent last year. In machining centres and lathes, where the Japanese have targeted their sales, their market share is

Cecimo is also worried that the volume of Japanese imports slumped by 30 per cent during is probably hidden by re-ex-the first half of this year.

figures, collected by Cecimo, the European machine tool makers' committee, reinforce what Japanese machine tool makers have been telling their of Ireland.

Last year. there was a very

Ireland.

Last year, there was a very large influx of Japanese machines into the UK. "We still do not know what this means," Mr Rama said this week at Milan's big Rmo machine tool exhibition. "It is possible that Japanese machines come in via the United States to the UK and are then re-exported as UK mathen re-exported as UK ma-

The apparent steep decline in Japanese machine tool exports to Europe will not make it easier for European companies seeking help from the EC Commission.

The Italian industry, in par-ticular, seems very nervous about what the Japanese will do bext because it believes the Italian market will now be a principal target for Japan's ma-chine tool companies.

in the past year or so, at least seven Japanese companies have either started production in Europe, announced that they will do so, or have raised to above 50 per cent their stakes in European machine tool companies.

However Past year or so, at least the Europeans, though, do not seem to know what they want the Commission to do. Mr Rama said that tariffs would not be a good thing because they could make European commission.

European machine tool mak-

# sign deal with C&W

CABLE & Wireless, the UK telecommunications company, has signed a joint co-operation agreement with the post and telecommunications administration of Tianjin prov-ince, in the People's Republic of China. The company has not disclosed the value of the

The agreement is for assist-The agreement is for assisting the province in develop-ing telecommunications ser-vices and was signed by Cable & Wireless and by Mr Zu Rong Chun, the director of the post and telecommunications on Tuesday Tuesday.

Sir Eric Sharp, the chairman of Cable & Wireless said:

Cable & Wireless is pleased to be helping to improve telecommunications in Tianjin in a way which will also benefit g Kong and Macau."

The company already has several agreements and con-tracts with the People's Republic of China. These include a joint company, the Shenda Telephone company, sheroa Telephone company, with Shen Zhen, which operates a telephone network with 27,000 subscribers. Cable & Wireless has 49 per cent of the company and the Chinese authorities have the balance.

Cable & Wireless has also has built a 1,000 km micro-wave link in Guangdong prov-

David Owen reports on a law with constitutional implications

# Ottawa's unusual drug patent bill

what began as a straightforward if controversial decision to extend patent protection for the brand-name pharmaceuticals industry by a Government with a comfortable House of Commons majority has evolved into a constitutional debate with far-reaching implications.

In recent days, it has also with far-reaching implications.

In recent days, it has also prompted aspersions, cast by opposition MPs, about the Government's integrity at a time when a series of political scandals has already served to undermine its credibility.

Since its introduction in 1969, the multinational corrections.

Since its introduction in 1969, the multinational corporations which dominate Canada's brand-name drug market have been fighting for the softening or abolition of the contentious "compulsory licencing" system. This procedure forces foreign-hased pharmaceutical suppliers to licence Canadian manufacturers to import and produce their patented prescription medicines in exchange for a 4 per cent royalty fee.

their patented prescription would establish the Patented medicines in exchange for a 4 per cent royalty fee.

Canadian patent laws normally allow inventors of a new drug up to 17 years of exclusive production rights. Under compulsory licencing, however, generic manufacturers can start selling copies of patented drugs as soon as they are able. This can be as little as 4 years after the original hits the market.

Medicines Price Review Board, empowered to remove compulsory licencing protection from any drug it found to be overque to 17 years of exclusive production rights. Under compulsory licencing, however, generic manufacturers can start selling copies of patented drugs as soon as they are able. This can be as little as 4 years after the original hits the market.

Rill C-22 proposes instead to

THE MULRONEY government grant manufacturers of new will be glad to see the back of bill C-22 - its proposals to change Canada's unusual drug can reduce the exclusivity period to 7 years if they agree to do to 7 years od to 7 years if they agree to



resentatives of the House of Commons. The Senate's stance However, it has been bitterly

opposed by the generic manu-facturers, who have carved out a C\$200m niche in the C\$2.3bn per annum Canadian pharmaretains over most Commons-promulgated legislation to be centicals industry, and various consumer protection groups. They argue that the bill would result in higher drug prices and question the effectiveness of over the precise relationship (if any) between bill C-22 and the

abolished.

Meanwhile persistent doubts

tentative Canada-US free trade

chael Wilson, the Finance Min-ister and other Canadian nego-tiators signed a version of the agreement which included con-cessions on bill C-22. Mr Wilson

has repeatedly insisted that the bill "was not and is not related

question the effectiveness of the proposed consumer watchdog.

Opponents of the bill have recentity been joined by a somewhat unlikely ally in the shape of the Senate (the Canadian Upper House), which has twice stalled the legislation's passage by referring it to committee.

After the first hearing, the Senate sent back to the Commons its own version of new patent legislation, providing only 4 years of exclusivity for inventors of new drugs and a 14 per cent royalty fee, in line with recommendations made in a 1965 royal commission report on the industry drafted by Mr Harry er, who has been rather uper, who has been rather up-staged by the success of his Up-per Chamber colleagues in stalling the bill, have picked up on this, claiming that Mr Mi-

**GE** secures \$600m JAL engines deal

JAPAN Air Lines has chos

General Electric to supply its aircraft engines, in a deal esti-mated to be worth more than m over the next 10 years JAL chose the GE engine over these offered by Pratt & Whitney and Rolls-Royce, marking the company's first departure from Pratt & Whit-ney engines in 20 years. Rollsloyce is understood to have been a close contender antil the last minute.

The initial order is for 20 GE CF6-89C2 engines to be used in the 747-489 aircraft JAL or-

the 747-400 aircraft JAL ordered from Boeing last mouth.
However, JAL is expected to
eventually use Boeing and GE
equipment to replace all its
long-haul aircraft over the
next 10 years
Japan has come under
strong pressure from the US
government to ease the trade
imbalance between the two
countries. As a result, the nation's flag carrier is understood to have helped tip the
balance toward an American
supplier for the engine order. supplier for the engine order. Also, GR has so far sold mere

Also, GE has so far sold more engines to power the 747-400s and other new generation jets than P&W and Rolls Boyce.

Though JAL's mainstay cugine has been the Pratt & Whitney JTS-D, a new engine was needed for the 747-400, which has a longer range than its predecessors.

#### Norwegian shipping seeks to curb UK

BY KAREN FOSSLI IN OSLO

NORWAY'S Shipping Association Norwegian vessels when awarding has asked the Prime Minister Mr contracts. Gro Brundtland to impose trade sanctions against British supply vessels operating in Norwegian wa-

The request comes after a long and hitter battle between the two industry services.

The Norwegians claim that their vessels have gained less work in UK waters than British vessels have in Norwegian waters. How-ever, UK vessels are much older and less sophisticated than those of their Norwegian competitors and therefore they are able to offer low-

er prices for contracts. The Norwegian Shipping Associa-The Norwegian only tion maintains that British shipping officials are "totally uninteres in implenting a solution which would allow Norwegian vessels

market entry into the UK sector.

. . . .

وعمل

According to Norwegian figures, British exports to Norway are 10 times greater than Norwegian ex-ports to the UK The association estimates that this year, the UK will export some NKr1.5km (\$227m) to countries' shipping officials over NKr2bn worth of goods and ser-fair and equal opportunity for gain-ing work for vessels in offshore oil is expected to export only some NKr150m to NKr200m.

Mr Horace Davey, general secre-tary of the British Offshore Supply Vessels Association, said the Norwegian complaints were based on

misleading figures. Mr Davey said the Norwegian share of business in the UK sector had fallen only because the overall market was diminishing.

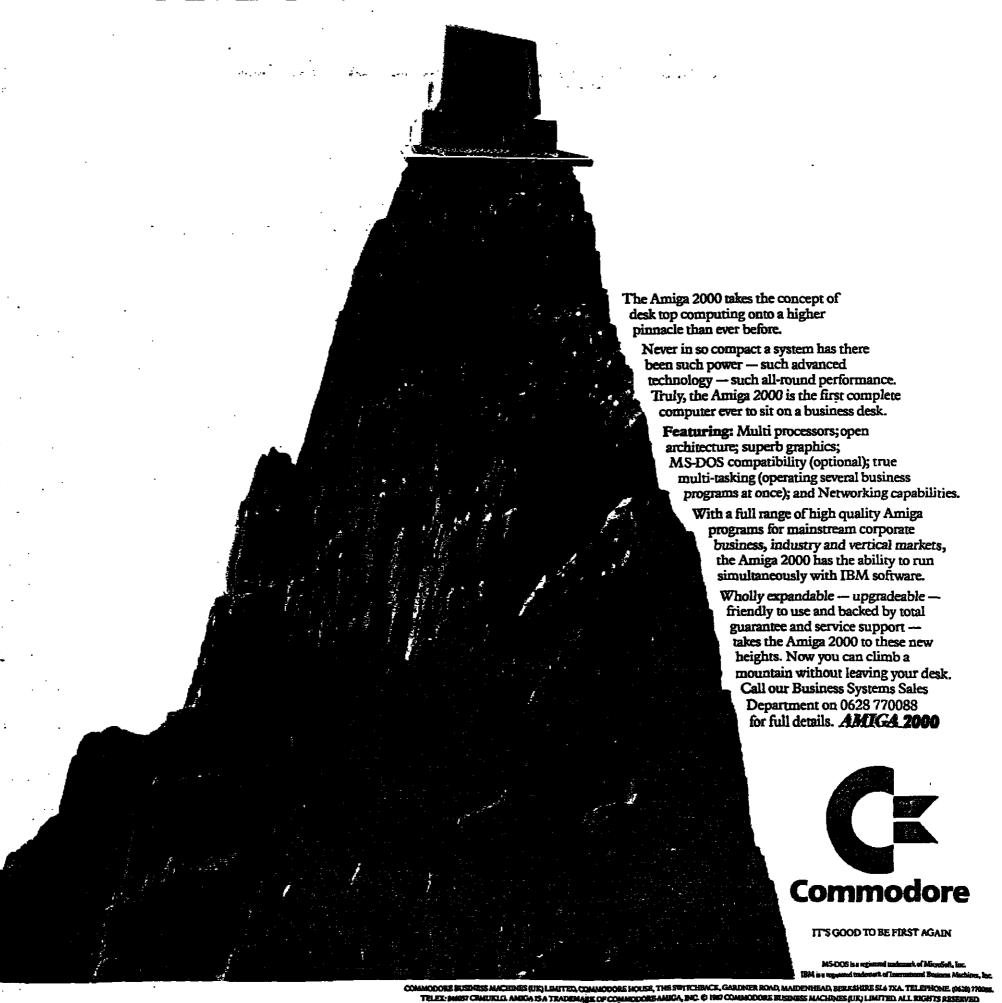
We believe that de facto protec-

tionism is already operating against us in the Norwegian sector, so sanc-

thing particularly new."

The Restrictive Trade Practices
Court is expected to rule shortly on The association has accused British shipping officials, specifically ing into allegations that a cartel of the Offshore Supplies Office, of asking oil companies operating in the UK sector to discriminate against 1987.

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Few other charities provide quite the same service for quite the same kind of people. While it's in your power to do so, won't you help us to make someone else's life bearable? We are an immensely caring charity, and we promise to use your money very carefully and very well. Be it mite or mighty, please leave it to us.

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# **Trident missiles** will remain the property of US

BRITAIN'S Trident missile sys- minated its Trident programme tem, due to come into service in before the UK, as has happened the mid-1990s, will effectively with Polaris. However, a senior remain the property of the US, it was disclosed yesterday.

MoD official at Coulport said he assumed that the US had given the US had

of a mingled stock shared between the two countries, ac-cording to senior Royal Navy officers and Ministry of Defence officials at the Faslane submarine base at Clydeside in Scot-land and the nearby Coulport

The missiles, made by Lock-heed, will be returned to the US for possible use in its submarines when British submarines are laid up for refitting or de-

The arrangement contrasts with that for the present Polaris missile stock which is owned outright by the British Govern-

Under the 1980 accord with the US for the joint maintenance of Trident missiles in Georgia, Britain will lose the ability to test, assemble and service its strategic nuclear weap-ons. Polaris missiles are tested and assembled from imported parts at Coulport.

dent programme.

The UK Government has estimated a saving of £700m. (\$1155m) on the total Trident programme, currently costed at £9.25bn, by having missile assembly and servicing done at King's Bay in Georgia. No new assembly and test facilities, have been built at Coulport.

Common servicing has al-Common servicing has allowed the two countries to have

Nevertheless, £550m is being spent at Faslane to build a cov-ered shiplift for Trident subma-

Loss of this cability could be a already at Coulout helping su-serious constraint if the US terpervise the expansion.

#### RALPH ATKINS REPORTS ON COST-CUTTING CHANGES IN STATE BROADCASTING

# BBC to sell stake in commercial operation

stock market as part of a wide archive material and specialist

zines produced by the corporation, will increase considerably the funds available for programme making. Even if the corporation kept a 75 per cent share, it could raise £100m (\$165m).

other measures announced yes-terday by the BBC. These include cutting staff costs by 1 per assigned new uses. for doctors which is expected a year, reducing the operating costs of local radio states to jobs losses at the corporation for doctors which is expected in the strategy is likely to lead a raise about £1m a year.

THE BBC plans to float part of tions by 10 per cent and increas- but no details have been given cluding cleaning and security its commercial operation on the ingrevenue from the sale of about numbers.

ranging five-year plan announced yesterday to cut costs and increase revenue.

The sale of a stake in BBC Enterprises, which sells television programmes, books and magazines produced by the corporation's staff yesterday that It had been prepared in response to major prepared in response to major will seek, can come out of a changes in broadcasting and restrictions on the future growth said Mr Checkland.

However, the BBC stressed its committment to maintaining the quality of its programmes and increasing the diversity of its output. We must ensure that the new opportunities which our creative programme makers

of licence fee income.

The plan also includes a major shake-up of national radio networks. Greater emphasis is broadcast at night for specialist bare, it could raise £100m jor shake-up of national radio networks. Greater emphasis is to be put on VHF (very high frequency) broadcasts while medional radio networks. Greater emphasis is to be put on VHF (very high frequency) broadcasts while medional radio networks. Greater emphasis is to be put on VHF (very high frequency) broadcasts while medional radio networks. Greater emphasis is to be put on VHF (very high frequency) broadcasts while medional radio networks. Greater emphasis is to be put on VHF (very high frequency) broadcast at night for specialist viewers who pay for the service. Last week, the BBC announced um wave frequencies are to be plans of a special programme for doctors which is expected to raise about £1m a year.

The BBC has no plans to operate or manage satellite or cable telvision services but it will offer archive material for sale. BBC Enterprises currently operates as a limited company

owned by the corporation. It has a staff of 850 and a turnover of about £130m, although this is forecast to rise to £200m by 1991. The company shares many services, including computers, with the main corporation, but already plans are being made to break the links. Final details about the sale, which could be a private flotation or be open to

the public, are expected to be announced within two years.

# Deal agreed on shareholders' first refusal

BY CLIVE WOLMAN

A PEACE treaty was announced yesterday between corporate treasurers and institutional in-

spent at Faslane to build a covered shiplift for Trident submarines which will be British-built and a 900-acre expansion at Coulport to hold in emergency up to 16 Trident missiles. These will have UK-built warheads on the Lockheed rockets.

The US is insisting that UK handling of Trident missiles because they may end up in US; submarines. Six US officials are already at Coulport helping su-lives of the Association of the Market share capital in any one year and up to 7.5 per cent of its share capital in any one year and up to 7.5 per cent o

Pension Funds (NAPF) and the writers' fees, typically 2 per new equity issued by a company to make acquisitions.

guidelines on the pre-emptive shares are offered to outside inrights of shareholders, endorsed by the Association of
Corporate Treasurers and the
investor protection committees of the mid-market share
investor protection committees announcement. The discount is
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The Stock Exchange Quotations Committee is currently examining how the rights of exist-ing shareholders should be preserved in such situations, for example, by allowing them to claw back the shares issued to the shareholders of the acquired company.

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the renowned international trading house, based in the City of London for over 140 Systemirend offers you the opportunity to: Capitalise on 3 years' consistent growth, +90 7% Participate in over 50 future: and options markets using proven management techniques The Trading Diversify your portfolio into Have the ability to profit fr

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UK	EC	ONO	MIC	IN	DIC	ATO	RS
economic output (16 (1980=100) 'ing school	ASV=100);  ; retail sa	enginee: los value	ring ord: (1980=10	ers (1980) O), registo	=100); n: :red uner	nbioamer Stri Sale	5 volum Liezelud
	Indi. prod.	Mig. Output	Eng. grder	Reta:1	Retail value	linem- ployed	Vacz
1986 1st qtr. 2nd qtr. 3rd qtr. 4th qtr. 1987	109.8 109.8 111.0 111.1	102.7 194.0 195.1 197.4	97 97 96 95	119.3 121.3 123.7 125.5	146.9 354.0 158.7 194.3	3,171 3,203 3,202 3,141	166.5 173.6 200.2 213.0
1st qtr. .2nd qtr March April May	112.1 112.5 112.9 112.3 113.2	167.5 185,0 163.3 198.5 189.2	94 92 94 93 92	125.4 128.3 125.5 136.9 125.4	157.0 166.0 157.8 153.0 161.3	3.073 2.965 3.049 3.018 2.352	210.4 229.1 210.6 213.9 221.2
June July Aug. Sept.	111.9 114.4 115.3	109.4 111.0 111.5	92 92	129.4 131.2 132.5 131.4	167.3 173.7 178.5	2,925 2,876 2,829 2,775	234.9 237.5 251.5
OUTFUT-By market sector, consumer goods, investment goods, intermediate goods (materials and fireis); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).							
1986	Cusmer goods	Invest goods	Intend. goods	Eng. octput	Metal mnfg	Textile elc.	Hover Maris*
lst qtr. 2nd qtr. 3rd qtr. 4th qtr. 1967	183.9 195.2 106,4 188.5	101.2 101.4 101.7 103.4	114.9 115.8 117.4 115.9	101,3 102,8 103,6 105,4	199.6 110.1 189.3 115.6	103.1 134.1 153.2 104.7	14.6 19.5 19.4 15.5
ist qtr.	165.0	193.4	138.0	185.4	114.5	102.0	17.4

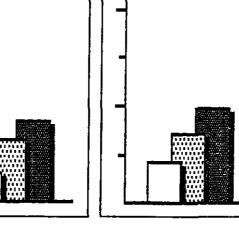
105.4 104.0 105.0 107.0 105.0 106.0 107.0 108.0 19.5 12.7 18.6 20.8 18.1 20.4 20.1 20.5 16.1 EXTERNAL TRADE-Indices of export and import volume (1980=190); visible balance (fm); oil balance (fm); terms of trade (1980=190); official reserves. 1986
1st qtr.
2nd qtr.
3rd qtr.
4th qtr.
1987
1st qtr.
2nd qtr.
February
March
April
May
June
July
Aug.
Sept. 117.5 121.9 122.6 130.5 126.8 138.4 126.9 131.4 123.9 123.3 126.4 124.9 129.0 144.9 133.2 140.7 128.0 130.2 138.6 144.2 129.1 147.6 154.9 -1,135 -2,361 -202 -417 -526 -1,896 -749 -919 -1,529 +672 -174 +401 +185 +203 -367 -11 -310 -529 ÷1.164 ÷1.933 +303 +454 +423 +365 +545 +284 +374 100.5 163.7 100.4 100.8 102.3 193.8 104.4 103.1 163.6 27.04 24.36 22.28 27.04 29.81 34.68 34.36 34.36 34.36 34.36

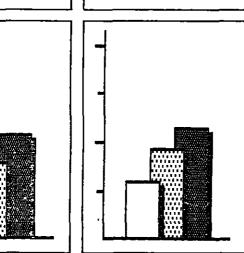
28.6 29.7 10.9 33.8 22.9 37.6 39.8 34.5 22.5 1.463 1.804 472 547 727 521 556 347 667 10.00 5.60 11.00 10.00 9.50 9.80 9.90 10.00 10.00 INFLATION-Indices of earnings (Jan 1980=100); basic materials and fuels; wholesale prices of manufactured products (1980=100):retail prices and fuel prices and prices (Jan 1987=100); Reuters commodity index (Sept 1931 =100); trade weighted value of sterling (1975=100)

179.1 184.0 187.4 191.8 198.0 191.2 194.5 198.1 200.0 203.1 201.8 129.8 128.7 121.1 129.6 128.4 128.4 128.9 129.7 130.5 131.3 131.4 149.3 150.8 151.6 149.7 150.5 151.0 151.1 151.2 151.6 151.9 196.5 101.8 109.5 100.7 100.7 101.6 102.2 101.6 100.4 100.7 1,586 1,598 1,647 1,601 1,539 1,554 1,612 1,629 1,832 1,655 79.9 72.8 72.7 69.0 71.9 72.4 73.3 72.6 72.8 72.3 73.1

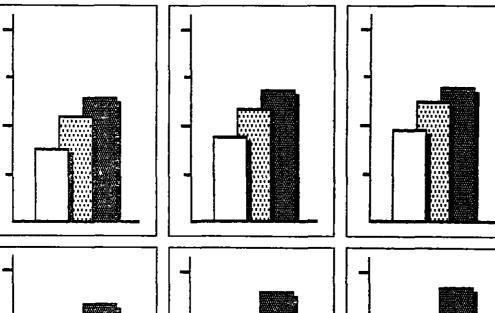
The UK missiles will be "part the UK some assurances about to a mingled stock" shared he.

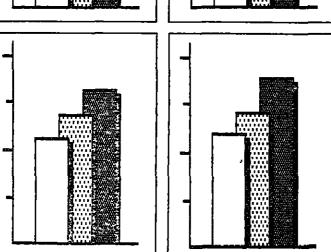
"a smaller missile population,"

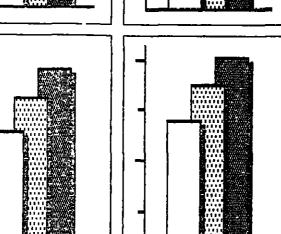


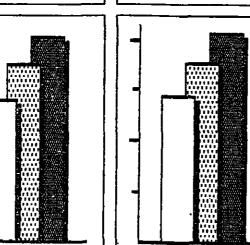


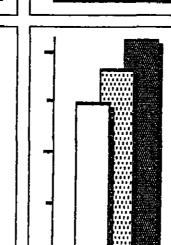
**GUESS WHAT ALSO GETS BETTER WHEN** YOUR PEOPLE DO.

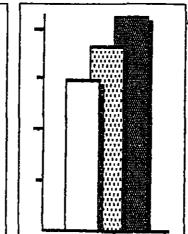












1000 == 5

Weighing in at a nifty 20 lbs, we present the new Compaq Portable 386. Pound

for pound it's the most powerful computer ever built. While others are struggling

to deliver their first 386 based p.c's, Compaq (just a little proudly) bring you their leaner, fitter, faster second generation.

#### SPEEDY SPEC

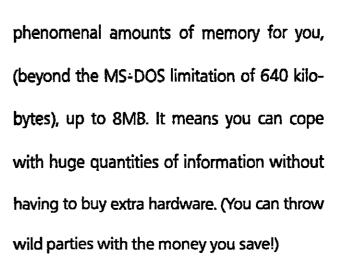
Feast your eyes on these specs. (Sorry, we're about to nose dive into some jargon.)

The Portable 386 has a 20-MHz micro-processor, making it a full 25% faster than 16-MHz computers. (That's very, very, very, very fast.)

We're also talking 32-Bit architecture here. In other words this baby shunts

#### MORE WAITLESS FUNCTIONS

Compaq Expanded Memory Manager. What does it do? Basically it opens up



Optional 20-MHz Coprocessor. This little gadget does mind-bogglingly complicated mathematical calculations in a jiffy. (Up to 25% faster than other 20-MHz 80386 based p.c.'s to be precise.) Especially useful for adding up



# THE MEN COMPACIPORTABLE 386.

information about 32 chunks at a time, making even the lightning responses of current 16-Bit machines look decidedly slowwww.

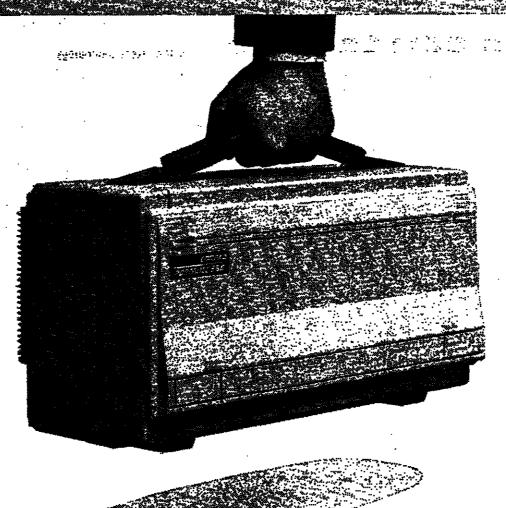
Up to 100-MB Fixed Disk Drive. This is heavyweight storage capacity. More than 50,000 pages of information built in, with an average access time of 25 milliseconds, (no time at all.) This saves you having to lug around the equivalent of eighty-three 1.2MB diskettes. (For those with more modest storage needs there is also a 40MB model.)

There's more. We've equipped our new portable with 1MB of RAM and the capacity

for 10MB that will help you run rings round the most complex of tasks.

#### FREE WINDOWS

Buy one Portable 386 and we'll throw in Microsoft's Windows/386 Presentation Manager absolutely free. So you can do real multi-tasking with current applications software immediately.



all the profits you've made using Compaqs.

#### BLACK LEATHER

Yes, as with previous Compaq portables, the new 386 comes with its very own black leather, or nylon carrying case. (Well what did you think we were going to say?)

#### STANDARDS OTHERS DON'T STICK TO

Unlike certain manufacturers we could mention, we don't see why the thousands of pounds you've already invested in hard and software should be lost for the sake of change.

We've made the Compaq Portable 386 compatible with all your industry standard products

designed for 80286 based systems. It simply runs them at breakneck speed.

#### EVEN MORE ASTONISHING

The most amazing thing about the new Portable 386 is that...Whoops! It's the old problem, we're out of space. Fortunately all you have to do is make a bee line for your nearest Compaq Authorised Dealer and he'll take over from here.

COMPAC

PORTABLE **385** 

WE'LL NEVER CEASE TO AMAZE YOU

#### BA 'likely to look abroad for mergers'

By Michael Donne, Aerospace

BRITISH AIRWAYS is likely to look overseas for airlines with which to merge whether or not its proposed merger with Brit-ish Caledonian is approved by the Monopolies Commission, ac cording to Sir Colin Marshall. chief executive.

The commission's report on the BCal merger is to go to Lord Young, Trade and Industry Secretary, next month. BA is hop-ing it will recommend the merger, but accepts that such a decision would probably include safeguards against anticompetitive behaviour by the merged airlines.

Other independent airlines. some of them fiercely hostile to the merger, fear its impact on their operations, especially at Gatwick airport

The concern already expressed by some independent airlines that BA is not likely to stop at taking over BCal appears to have been strengthened by comments from Sir Colin in an interview with Airline

"We intend to be a major player, not just in the European scene, but in the world scene for the future", says Sir Colin.
"And that almost certainly will require us to look for mergers or combinations in the future."

So far, he says: "We haven't

● The proposed £110m refurbishing and expansion scheme planned for Glasgow's Abbotsinch airport by BAA, formerly the British Airports Authority, has been approved by Renfrew Council.

# Management 'should be given professional status'

A "CRUSADE" to give industrial coming management-development grofessional status was launched last night by Mr John Banham, director gen by the Foundation for Manage-

Mr Banham set out a proposed national approach to the Management. recruitment and training of It follows a managers. He said the confederation had won general sup-port from member-companies for "a major initiative towards what might be termed the professionalisation of management'

He said: "The CBI knows of no subject more vital to the long-run competitiveness of British business than improving the quality of British management." He was giving the opening ad-He was giving the opening address at the Institute of Personnel Management's national conference in Harrogate. He called on employers represented there

to put their names to a forth- ing for it."

tion and the British Institute of

rum held in the wake of reports programme; on-job training and exposing the UK's relative systematic career planning and backwardness in management

He said the key elements of the national approach were management professional star mentional approach were tus was launched last night by Mr John Banham, director general of the Confederation of British Industry.

This charter is being drafted likely to include: an administrative body including academia, business and government; larger companies taking the lead; more university and polytech-Management.

It follows a consultative formum held in the wake of reports.

The places for management studies; a post-entry preliminary examination; a masters' systematic career planning; and

backwardness in management development.

Mr Banham gave details of the foundation's approach. He said it would have to overcome three the year of the manager, called widely-held though not necessarily true perceptions about industrial management careers. and through videos and cinema

"In short, industry appears restrictive, in the sense that career options narrow rather than widen; it does not pay particularly well; and it does not hold the prospect of much fun. Other than that it has a great deal going for it."

and intugin videos and cinema commercials.

He said: "For relatively small sums of money - £2m to £3m a year, perhaps - concentrated in the right places, it should be possible to turn the present entenched and out-of-date attitudes around."

# **Industrial education warning**

IT WAS up to industry to set the agenda for the future developer, he said: "It is important for ment of management education, the Government not to take over the management education what must be an industry mathematical management education." Minister, said yesterday.

He told the 20th anniversary conference of the Business Graduates Association, that the Government could only listen

looked that carefully at other airlines, but I think that clearly we're going to have to do that before too long, irrespective of the outcome of the BCal situation."

He paid tribute to the authors of two reports, published earlier this year, which called for changes in the way that managers were educated. The reports proposed the establishment of a national preliminary qualification.

The proposed £110m refurble to the authors because some business schools of two reports, published earlier this year, which called for changes in the way that managers are educated. The reports proposed the establishment of a national preliminary qualification. national preliminary qualifica-tion which younger managers should be encouraged to take.

The privatisation of the country's business schools remained the Government's long-term aim but privatisation could not take place in the immediate future

tion which younger managers said there was no reason why should be encouraged to take.

Mr Jackson said the Government would do what it could to ment would do what it could to make work any new system of staff more.

Mr Jackson said the Government ment's responsibility in this area as "undodgeable" and called on the Government to put its money where I know its heart is."

LONDON CITY **AIRPORT** 

THERE AND BACK

WITH TIME TO SPARE.

He called on employers in manufacturing industry to offer young graduates the sort of pay which would dissuade them from going to work for financial institutions instead. He accepted, however, that pay rates in the City had been distorted by

Big Bang. Sir Peter Parker, chairman of the Rockware Group and former chairman of British Rail, said a supply of good teachers would be the most important development in the future development of management education.

He described the Govern-

#### **Bridgend** shopping complex to cost £30m

By Anthony Moreton, Weish Correspondent

THE LAND Authority for Wales has joined forces with Fairfield Properties to develop a £30m\_shopping and leisure complex at Bridgend.

The scheme is unusual in that it will be based on a road founded by the development link.

funded by the developer link-ing the M4 with the centre The core of the project will be a superstore, associated shops and a garden centre. A

shops and a garden centre. A leading stores group has expressed interest.

There will also be a 100-bedroom hotel with conference facilities and championshipstandard golf course, a public house and two fast-food-restau-

It is expected that the com-plex could provide about 1,000 oos. If the local authority agrees

work would start next autumn and be completed by 1996. Mr Bernard Ryan, chief ex-ecutive of the Land Authority, said yesterday the project would be one of the largest and most imaginative undertaken in Bridgend for years.

"It will enhance the growing reputation of Bridgend as a business and leisure centre,"

#### Distributors 'set for 25% income growth<sup>1</sup>

SPECIALIST distribution companies should achieve high quality earnings growth of up to 25 per cent a year over the next few years, because of changes taking place in the market, according to Mr Clive Anderson, transport analyst at stockbroker Kitcat & Aithen.

He expects the share of the distribution market held by third party operators to rise to third party operators to rise to 60 per cent by 1994, compared with 20 per cent in 1984.

# BT 'makes efforts to improve public pay telephone service'

BRITISH TELECOM has made over the three-week period. considerable efforts to improve its public call box service over the last few weeks, although almost 30 per cent of the pay phones in some of the worst hit locations are consistently out of order, says an independent sur-

The Telecommunications Industry Research Centre carried out the survey on call boxes in the last week in September and the first two weeks of this od.

It follows extensive criticism of the quality of service provided by pay phones in recent months and suggestions that Mercury, the group's fledgling competitor, might be allowed nto the market.

tive out of 370 surveyed. According to the study, standards of pay phone maintenance went up significantly in the 870 call boxes monitored

The report seems to lend below £185 taining thou for purely the 870 call boxes monitored criticisms of the call box ser-

vice in the summer were a temporary outcome of the engineers strike earlier in the year.
At the same time, BT promined An average of 23 pay phones out of 176 tested at five London railway stations were out of orised a crash programme to raise der in the first week. This dropped to 19 in the second week and 12 in the third. At Vicised a crash programme to raise maintenance standards a few weeks ago after the publication of a hard-hitting report on the service by Oftel, the telecommunications industry watchdog. toria station, defective tele-phones dropped from six out of 19 surveyed in the first week to The latest study also under-lines the financial difficulties found in running many rural one in the third and at Reathrow Airport they fell from 14 to 10 out of 68 over the same peri-

The poorest standards were found at the Watford Gap service station on the M1 which had an average of five pay phones a day out of order, a to-Several telephone areas, par-ticularly Yorkshire, Dorset, Devon, Cornwall. Wales and Scot-land, reported an income of less than £2 a week from some viltal of more than 40 per cent. Ru-ral areas scored the best, with

lage pay phones.
Under its licence BT does not have to provide a service if the income from a pay phone drops below £185 a year. BT is main-taining thousands of telephones for purely social reasons. The

# Building power stations in south 'vital'

only 19 a day found to be defec-

BY MAURICE SAMUELSON

Before the general election, Mr Peter Walker, then Energy Before the general election,
In his speech. Lord Marshali
Mr Peter Walker, then Energy
condemned suggestions that in
Secretary, appeared to have given the CEGB carte blanche to

Generating Board chairman, said yesterday.

With electricity demand rising, particularly in the south, it was increasingly difficult to maintain the balance of the grid system when faults occurred, he told the Institute of Warner and the Treasury, nowever, the Treasury is understood to have challenged the need for additional generating capacity in southern England and to have asked whether rising demand might not be provided by trebling the amount of electricity imported from France to 8 coarses.

gineers in Mansfield, Nottingh-amshire. it adds, would not meet the needs of southern England.

IT WAS vital to build more pow-er stations in southern England tions. build two coal-fired power sta-to prevent the national grid two coal-fired power sta-said the electricity system was not just a trading grid but an operating grid.

The CEGB is very proud to have demonstrated to virtually every country in the world how to optimise an electricity system, to provide the best possi-ble electricity supply at the least possible cost.

Mr John Baker, CEGE's corporate managing director, has given a warning in Power News, the CEGB staff newspaper, that privatisation would not succeed unless the power stations and the grid remained integrated.

# Hedging on risky markets

LAST MONTH'S unit trust launch by the Royal Life insurance group not only attracted a record sum for such a launch of record sum for such a launch of £240m, but its size also required the adoption of some novel hedging and financial engineering techniques.

They highlight how rapidly the sophistication of the City has grown in the past three ways and the apportunities.

has grown in the past three years and the opportunities created by Big Bang.

The launch, which relied on a privatisation-style advertising campaign, posed several problems for the Royal Life fund managers. They had to invest a large amount of money - they were expecting £300m - in a portfolio of shares, mainly in the UK, US and Japanese stock

SOIULIONS AGOPICG

portfolio insurance, or a call option on all the shares that they cost of a premium, this would allow the funds to profit from an upward trend in the markets while protecting their capital against a stock market fall.

The simplest way of achieving

The money would be flowing have bought call options on the in from investors over a period stock market indices in the UK, of time from September 8 to US and Japan. Contracts on the September 30 and trading in the UK market were introduced in

units was scheduled to start on 1984 and on the Japanese marCotober 6.

The traditional pre-Big Bang International Monetary Exresponse of a unit trust investment manager would be to inThere were three drawbacks vest the money gradually in the chosen shares over the four-week period, if not longer, to avoid pushing up the share prices against him.

However, the Royal Life managers were worried that if portfolios of stocks in the three

agers were worried that, if portfolios of stocks in the three world stock markets rose sharpmarkets whose performance ly during this period, its new unit trust investors would feel aggrieved if they had not benefited straight away after Royal Life had received their money. On the other hand, if the mon-ey were invested on a daily basis as soon as it was received, the transaction costs could be substantial. If the markets fell

Steve Atkins, appreciated that ees that they were treating all what they needed was a form of unit holders fairly.

Clive Wolman on problems faced by Royal Life's unit trust launch and the solutions adopted

the UK, US and Japanese stock The simplest way of achieving markets.

The simplest way of achieving this aim would have been to

Third, there is a limited de-gree of liquidity in the UK and Simex contracts, possibly not sufficient to absorb buying on the scale envisaged, and the prices at which the Simex con-tract is traded is often out of line with its fair value.

substantial. If the markets fell line with its fair value, during the offer period, the unit trust investors would see an immediate loss on their investment as soon as the first valuation of the fund was published on October 6.

The Royal Life managers, led by Mr Mike Kershaw and Mr Steve Atkins, appreciated that

According to Mr Kershaw: We needed a bit of hand-holding to be assured we were doing the right thing, so we went to an

Royal Life asked two UK and one US securities firms to make proposals to them. The firm that was chosen was James Capel, the leading UK agency stock-broker. We thought that Capel came up with the most imaginative solution on the most attrac-tive terms," said Mr Atkins. Mr David Heron, of Capel

guaranteed to buy the specified share portfolios, comprising 220 different shares, and pass them to the fund on October 6. Royal could specify the total value of the porfolio to be purchased. once it knew how much money it had attracted, but only in the f180m to £220m range.

As it turned out Royal attract-d £240m and asked Capel to deliver £200m of shares, £90m from the US, £60m from Japan and £50m from the UK.

The price that the funds would have to pay for the shares was fixed at the mid-market was fixed at the mid-market price at the end of the day on September 8. Capel agreed to protect the funds against any fall in the markets in sterling terms from that date to the start of October.

If the markets rose. Capel would keep for itself the first 3 per cent of the rise in the US market and the first 2 per cent of the rise in the UK market. Any excess would be attributed to the funds. to the funds. As it turned out, the US market rose by 3.7 per cent and the UK by 3.8 per cent.

The terms Capel offered for insuring the Japanese portfolio were rejected by Royal as being too expensive. This was a consetoo expensive. This was a consequence of the difficulties of hedging the Japanese market through Simex. The agreement was made on September 9 by an exchange of letters. It was an old-fashioned City deal with no lawyars "caid Mr Karshaw" lawyers," said Mr Kershaw.

#### 09-00 hrs 08.00 hrs 12.00 hrs 15.45 hrs From October 26, the busy executive London City Airport will be offering regular flights to Paris, Brussels and Plymouth (and other key destinations soon), backed up by specially tailored London City Airport, just six miles east of the City, will give business travellers

dashing off for a meeting in Paris, won't have to write off the whole day.

what they value most - time. Time for an early-morning briefing in the City before catching a 9.00am flight. Time for a long meeting with associates in Paris before leaving Charles de Gaulle

at 3.00pm. And time at the end of the day

to catch up on events back at the office.

airport facilities and in-flight services.

With Docklands already taking off as the financial and commercial services centre of the UK, London City Airport is set to change the face of business travel.

For reservations contact your travel agent or the airlines direct.



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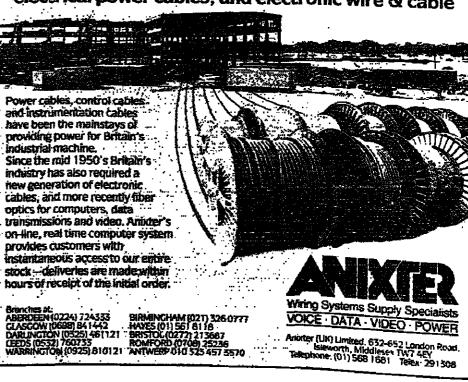
EUROCITY EXPRESS 01-511 4200 0345 010300 FLIGHTS TO PARIS & BRUSSELS



London Docklands. Where Business Takes Off.

# ANIXTÉR IS RECONS TO REBUILD INDUSTRIAL BRITAIN... we have the world's most complete stock of

electrical power cables, and electronic wire & cable



# **(S)**

S

# THE MEAL WAS FINE. THEN THE SAUCE ARRIVED.

Nothing wrong with the sauce, you understand.

In fact, as part of a banquet to celebrate a conference of chefs at the Gothenburg Sheraton, more than the usual care and attention had gone into its preparation.

The problem was that the guest (like most guests in our experience) preferred the sauce served onto his plate. Rather than onto his lapel. (A subtle sauce can look very unsubtle

adorning a white dinner jacket.)

Fortunately, the maître d' was a man who looks at such accidents and sees only opportunities.

Helping the guest remove his jacket, he offered his own as immediate, temporary



replacement. At the same time whisking the sauce-stained garment off to be dry-cleaned.

And before the coffee was finished, the jacket, freshly cleaned and pressed, was returned to our guest.

At Sheraton, we have a phrase coined to sum up our idea of service. 'Little things mean a lot.'

Like all slogans it runs the risk of being dismissed as mere words.

But not with examples like that

of the Gothenburg maître d' to sustain it.

For reservations or information on any of 500 hotels worldwide, contact your nearest Sheraton Hotel, Reservations Office, or your Sheraton travel agent.

III

S

# Ferry companies to seek talks on joint operations

THE OFFICE of Fair Trading tion of all Channel ferries, poswill be asked shortly to allow Channel ferry operators to hold detailed talks on joint operations, Sir Jeffrey Sterling, chairman of Peninsular and Oriental Steam Navigation, said

Sir Jeffrey said rationalisation of services was essential if ferry companies were to offer effective competition to the proposed Channel tunnel, due to open in 1993.

P & O is likely to offer the OFT a freeze on fares in return for permission to restructure services in co-operation with Sealink UK and other compa-nies, Sir Jeffrey said.

The company's case will be that its existing services cannot earn enough to finance reinvestment in new ships to compete with the tunnel or to meet the costs of redundancy payments.

sibly under joint management, with a ship leaving Dover every 30 minutes, Sir Jeffrey said. P & O has already held out-

line talks - with OFT permission with Sealink, Dover Harbour Board, and Belgian, French and Dutch ferry operators.

Initial discussions have also taken place with union representatives on the need for "substantial" redundancies within P & O European Ferries, formerly known as Townsend Thoresen. Sir Jeffrey and senior P & O

executives travelled to Dover on Friday to seek preliminary agreement with local union leaders on extensive cuts in manning, including cuts in the number of relief crews per ship. He said P & O would offer re-training facilities to any of Eu-ropean Ferries 6,000 employees

marks a new phase in the ferry companies' fight against the tunnel, which has previously been led by Mr James Sher-wood, chairman of Sealink UK. The campaign has been largely dormant since March, when the loss of the Townsend Thore-

companies' claims that the tunnel would be unsafe. P & O believes it is now likely to go ahead, unless there is continued crisis in the financial

sen ferry Herald of Free Enter-prise undermined the ferry

markets.
Sir Jeffrey said the time for opposing the tunnel was past, but the Government would have a fight on its hands if it failed to take steps to prevent predatory pricing by the tunnel

P & O would use its weight to result enough to mance remeated in new ships to compete with the tunnel or to meet the costs of redundancy payments.

The "ideal" solution would be combined marketing and operators in matters such as speeded-up customs and improved road communications to bover, he said.

#### CWS must cut funerals stake

THE Co-operative Wholesale fifths of the total. In Aberdeen Society yesterday attacked the Government's alleged double standards over competition pol-icy after learning that it would be forced to sell nearly half of the Scottish funerals business it bought from House of Fraser in

May.

The Monopolies and Mergers commission concluded unanimously that the £13.5m acquisition, which would have raised the CWS market share in Scotland from 33 per cent to 44 per cent, should be blocked.

Toontrasted strangely with the total lack of government interest when the massive House of Fraser Group was bought by its present owner, the Al-Fayeds. The CWS also criticised the requirement that the businesses should not be sold to the four local retail societies which land from 33 per cent to 44 per cent, should be blocked. Mr Francis Maude, Corporate

and Consumer Affairs Under-secretary, accepted the commission's recommendation, however, that a full disposal would be "an unnecessarily drastic remedy" if partial divestment could

be arranged.
The CWS, which is owned by local co-operative retail societies, will be required within 12

and Falkirk the CWS would have had a 100 per cent market

share after the acquisition.
The CWS complained said yesterday that the exhaustive scrutiny of its funeral business and the requirement to divest

together claim an additional 6 per cent of the Scottish market The commission let stand the CWS's acquisition of a coffin manufacturer which will take its share of the Scottish market to 73 per cent, although Mr Maude has asked the Office of Fair Trading to seek the CWS's assurance that it would contin-

He also accepted the commission's view that any additional Scottish acquisition by CWS should face close scrutiny. The CWS is the UK's largest single undertaking business, although its national market share is only 7 per cent.

Mr Graham Melmoth, CWS secretary, declined to indicate whether only the designated undertakers would be sold or if Fraser's entire Scottish busi-ness would be put back on the

The likely contenders to buy some or all of the businesses are the UK's three publicly-quoted funeral groups, Hodgson Holdings, Kenyon Securities and Great Southern Group. None is represented in Scotland, although Hodgson is poised to announce a small acquisition for cash there. Report quisition for cash there. Report on the acquisition by Co-operative months to sell Fraser's funeral ue to supply coffins to individubusinesses in Perth, Aberdeen and Falkirk, representing two-mercial terms.

Wholesale Society of the Scottish funerals business of House of Fraser. HMSO. £5.50.

# Match groups' merger cleared

THE COMBINATION of Swedish Match and Bryant & May, the world's two largest manufacturers of matches, was cleared by the Monopolies and Mergers Commission yesterday even though their joint operations will account for 82 per cent of British match sales

THE COMBINATION of Swedish Match and Bryant & May makes 54 per cent of the matches sold in Britain. Its brands include Swan Vesta, Brymay, England's Glory and Cooks. Swedish set to shift some production into Bryant & May's Liverpool factory after it closes one of its two match sales.

ish Match, the Stockholm-based

the US for £99.2m.

Although the merger would lead to a substantial degree of General Municipal Boilermakers and Allied Trades Union, he ers and Allied Trades Union, he concentration in an already highly concentrated but declining market, the commission said it was unlikely that prices would be raised unreasonably agreed on site.

Construction

CONSTRUCTION orders in the

three months to August 31 were 44 per cent higher than in the

corresponding period last year.
The figures were inflated by

the inclusion in July of the main contract to build the Channel

Tunnel, Excluding this contract.

orders rise

in Liverpool by 25 per cent over judged there was sufficient in ladeputy, Mr Christopher the US for £99.2m.

Although the merger would

In a letter last month to the March and his deputy, Mr Christopher ternational competition to prevent unreasonable price rises.

Swedish Match and his deputy, Mr Christopher ternational competition to prevent unreasonable price rises.

Swedish Match and the marger would the last month to t plans at present to sell the oth-er Wilkinson operations. managers from Hill Samuel's corporate finance department

Consultants chosen for Severn bridge

BY ANDREW TAYLOR

G. MAUNSELL of south-east groups and consortia were ask- 1966 - it carries about 40,000 veLondon and W. S. Atkins of Ep- ed to tender. hicles a day - and has suffered

som, Surrey, have been appoint—

som, Surrey, have been appoint—

ed consultant engineers for a built at English Stones, three proposed £183m bridge across the Severn.

The joint appointment of the strengthened.

The including the bridge, including the bridge that the bridge is planned to be from structural faults over the past 10 years.

Part of the work of the consultant ways of financing the bridge, including the bridge, including the bridge is planned to be from structural faults over the past 10 years.

Part of the work of the consultant ways of financing the bridge, including the bridge is planned to be from structural faults over the past 10 years.

The joint appointment of the strengthened. financing the bridge, including two firms was announced yesterday by Mr Paul Channon, cope with far more traffic than Transport Secretary. Four expected when it opened in environmental studies

#### **Ulster law** discussed at Anglo-Irish conference

By Our Belfast Correspondent

NORTHERN Ireland's legal sys-

NORTHERN Ireland's legal system and the Republic of Ireland's planned Extradition Bill were discussed yesterday at a meeting of the Anglo-Irish inter-governmental conference in Beliast.

Mr Tom King, Northern Ireland Secretary, and Mr Brian Lenihan, Irish Foreign Affairs Minister, made it clear that both governments remained fully committed to the Anglo-Irish agreement.

agreement.
The Irish Government is due The Irish Government is due to ratify its Extradition Bill on December I but there is widespread speculation that its implementation may be postponed due to lack of progress in reforming the so-called Diplock courts in Northern Ireland in which judges sit alone to hear the courts of the so-called Diplock courts in Northern Ireland in which judges sit alone to hear the courts of several courts.

which judges at alone to hear terrorist cases.

The key issues were dis-cussed during several hours of talks between Mr Lenihan and Mr King but it is understood that no final decisions were reached and further consulta-

tions are to take place. Many politicians in the republic regard changes in the prov-ince's legal system as being of paramount importance and ex-pect positive reforms before new extradition arrangement

new extraction arrangements are introduced.

They argue that three-judge courts would increase the na-tionalist community's confidence in the administration of justice in the province. Howev-er, Mr King has indicated that the UK Government is not convinced of the need to change the Diplock courts and maintains that substantial improvements have already been made.

He said recently that it was

'very important' that the repub-lic's planned extradition bill

was implemented.
There was tight security for yesterday's meeting. A small group of loyalists led by Mr Peter Robinson, the Democratic Unionist MP, held a short democratic before the control of the cont onstration before the meeting in protest at what they saw as Dublin's interference in North-

#### Hill Samuel loses 12 staff to BZW

TWELVE MEMBERS of the corporate finance department of Hill Samuel, the merchant bank, are leaving to join Bar-clays de Zoete Wedd, the securi-

This marks the culmination of British match sales.

Bryant & May is part of Wilkinson Sword, the consumer products company, which Swedish plants next year.

Mr Richard Armitage, Bryant account for 48 per cent of disposable lighter sales in the UK, that if sales forecasts were met, ish Match, the Stockholm-based this would increase production a market where the commission ment's head, Mr Trevor Swete, in the sacking of the department to join BZW, leading to the sacking of the

er Wilkinson operations.

Swedish Match AB and enterSwedish Match AB and enterprises belonging to Allegheny International; a report on the merger situation. HMSO. 28.

mapagers from Hill Samuels corporate finance department have now been recruited by BZW, which said yesterday that it had no plans for further reer situation. HMSO. 28.

## Ralph Atkins examines the BBC's general strategy for the 1990s

# Tuning in to broadcasting challenge

jor changes in broadcasting.
The main areas covered by

the plan are: Revenues. Licence revenues are now linked directly with the re-tail price index which, the BBC calculates, increases at a rate about 2 percentage points lower than broadcasting costs. By 1993 this would severly choke funds. Instead the corporation hopes to increase revenue from other

BBC Enterprises, which sells television programmes abroad, the Radio Times, books and vi-deos, is forecast to increase its turnover from about £130m to 200m by 1991 and to double its current £19.5m a year investment in BBC programmes. Other sources of revenue in-clude property disposals and the sale of archive material,

to new challenges and not as a There could also be further negative cost-cutting exercise, night-time "downloading ser-Mr Michael Checkland, direc-vices" paid for by viewers, such tor-general, told the corpora-tion's 29,000 employees yester-day. as the planned programme for doctors which the BBC an-nounced last week and which is day.

The plan is designed as a general strategy for the 1990s. December 2005 December framework which reduces de not possible to calculate at this pendence on licence revenue stage how many jobs would be and takes account of recent major changes in broadcasting. lost. Most could be cut through natural wastage but he could not rule out compulsory redun-

Local radio stations will be expected to reduce operating costs by 10 per cent. Network radio. The Government proposals for radio, set out in a Green Paper in February would require the BBC to surrender two of its medium wave frequencies. This would lead to radical changes for all four stations with Radio's 1 and 3 becoming available only on VHF.

Radio 4 on VHF would continue as a national information and speech network but the BBC is to investigate the feasibility of using the station's long wave frequency as a national events channel covering, for example, Parliament, state occa-sions and news conferences.



Michael Checkland: plan not a negative cost-cutting exercise

Radio 1 and Radio 2 would included drama, documentary and specialist music pro-grammes. The Radio 2 medium wave frequency could be dedi-cated to sport and education programmes supplemented by the World Service.

Network television. At least £24m a year will be set aside to commision 500 hours of programmes made by independent

25 per cent of air time, exclud-25 per cent of air time, excluding news related programmes, could be made independently. External services. The plan repeats the BBC's commitment to launching a world televison news service modelled on the World Service radio news.

The server was first an-

world Service radio news.

The scheme was first announced last year when the BBC said it was looking for an 68m contribution from the Foreign Office which funds the World Sarvice. World Service.
The plans have been modi-

fieds ince then, reducing the input from Government and introducing commercial partners into the scheme. However the BBC is still waiting for a Foreign Office decision before it goes ahead. Local radio. The BBC plans to complete its chain of local radio

stations by opening seven more in the next three years. However, the effectiveness of metro-politan stations will be re-viewed in a report to be published in December. News and current affairs. Radio and television units are to be combined in a new develop-ment at the BBC centre in White

City, west London. In-house specialist reporting staff at home and abroad is to be strength-

#### Growth Ford heading for rate 'will slow down'

By Ralph Atkins

THE GROWTH rate of Britain's economy will slow next year while inflation accelerates, ac-cording to a survey of indepen-dent forecasts made before the recent slides in the stock mar-

Figures published yesterday by the Treasury show the growth rate falling from 3.3 per cent this year to 2.4 per cent in 1988.

The results are based on an

average of predictions made by 11 groups of economists in stockbroking firms, universi-ties, the Confederation of British Industry and the Organisa-tion for Economic Co-operation

and Development. Retail prices are expected to grow by 4.0 per cent this year and by 4.6 per cent next. Unem-ployment is expected to continue its fall with a level of 2.77m forecast for the fourth quarter

of next year.

The survey also shows a widening gap between Britain's imports and exports. The current-account deficit is forecast to rise from £1.1bn this year to £2.9bn next.

In the medium term, the UK's property rate is exported to con-

growth rate is expected to con-By 1991 it is expected to be growing at 2.1 per cent.

The growth rate for consumers' expenditure is also expected to fall from 3.8 per cent in 1987 to 2.7 per cent by 1991.

Unemployment is predicted to remain static after next year, dropping only slightly to 2.73m by 1991.

by 1891.
Investment expenditure is expected to increase by 3.8 per cent and then by 5.1 per cent in 1988.

**Building society** 

receipts decline

BUILDING societies' net re-celpts in September fell to £192m, their lowest since last

# all-round record

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

FORD WAS heading for record pace of investment had quickvehicle sales and production in
the UK this year, Mr Derek Barron, chairman, said yesterday.

The company was investing in
Britain at a greater rate than
forecast, Ford of Britain would
this year show a considerable on research and development
improvement on last year's
t109m pre-tax profit and successful sales had created 930
jobs at UK assembly plants so
far this year.

He was speaking in prelimi-

He was speaking in preliminaries to the London Motorfair be responsible for designing which opened at Earls Court yesterday. rangements to buy 50.69 per cent of the AC car company for cent of the AC car company for fi.3m. With Autokraft, the minority partner in AC, Ford would almost certainly set up a production plant for AC sports

An announcement for AC sports

An announcement for both the Fiesta and Escort cars but would also lead in developing a new range of medinesized cars for the mid-1990s. These would be made and sold by Ford and its associates across the world.

Ford expects to buy 50.69 per veloping a new range of medinesized cars for the mid-1990s. These would be made and sold by Ford and its associates across the world.

Ford expects to sell 565,000 new cars in the UK this year, compared with the record of

An announcement about the compared with the record of site is expected next month. If 518.000 set in 1983.

Mr Barron said about 70 per cent of the cars would be supplied from UK factories. This year ago he said Ford would spend £1.46bn in Britain on new for at the start of the year but plant and equipment, product the company had consistently development and technology in the next six years. However, the

#### **Austin Rover's car fleet** sales up 28% on last year BY OUR MOTOR INDUSTRY CORRESPONDENT

BY CUR MOTOR INDUSTRY CORRESPONDENT

AUSTIN ROVER'S determined drive into car fleet markets, which account for nearly half of all new car sales in the UK, is paying off, Mr Les Wharton, chairman of the state-owned group, said yesterday.

By the end of September, the group's fleet sales were 28 per cent more than in the same period of 1986 at 76,000 cars, well ahead of the 67,150 for the whole of 1986.

The company's penetration of the fleet market rose from 15 per cent to 17 per cent, he said.

This followed an intensive programme which involved a all in the next two years. These

Eip2m, their lowest since last November, as second instalments fell due on TSB and Rolls-Royce shares.

Withdrawals from building society accounts last month rose by £400m to just over £7bn.

about 2,500 cars to Swan National in the next two years. These have a showroom value of £28m. Mr Wharton said the deals meant Austin Rover was set for another record year of sales to leading rental companies.

#### Top moves at Harris Queensway

HARRIS QUEENSWAY, the troubled electrical and furnishings retailer, yesterday an-nounced the appointment of a finance director and the resignation of two more board mem

The moves continue the management shake-out at the comchairman, asked Mr Peter Carr, joint chief executive, to resign. The following month Sir Philip announced that group profits this year would fall by as much as a quarter compared with 1986-87.

Group interim results for the first half of this year will be announced today.

The new finance director is

Mr Anthony Shanagher, former-ly vice president and chief executive of Allegheny Interna-tional, and before that finance director of Wilkinson Sword. He

director of Wilkinson Sword. He replaces Mr James Cook, the first of this year's departures.

The two latest resignations are Mr Peter Davis, deputy chairman, who has been acting group finance director since Mr Cook's departure, and Mr Tony Behar, chief executive of the electrical directors.

electrical division.

The company yesterday sought to play down the resignations. Sir Philip and Mr Martin Watts, the new group managing director who joined in June, were unavailable for comment.

Mr Davis joined Harris Queensway in 1980 from Price Waterhouse, the group's auditor and was a long torm execution. tor, and was a long-term associate of Sir Philip.

Mr John Richards, of Wood Mackenzie, the stockbroker, said: "Mr Davis was a senior person at Price Waterhouse and the assumption was that as a bigbly qualified and respected accountant his prime function would be to put vigorous control systems in place at Harris Queensway. However, one of the great failures of Harris Queensway has been the ab-sence of that."

It is understood that there are no plans to appoint a new deputy chairman.

Interim profits are expected to be well below £10m compared with £20.45m for the same period last year, including £6.2m property profits.

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access to more miles of motorway than any other business area in the U.K. With more than 15 million people around one hour's drive of

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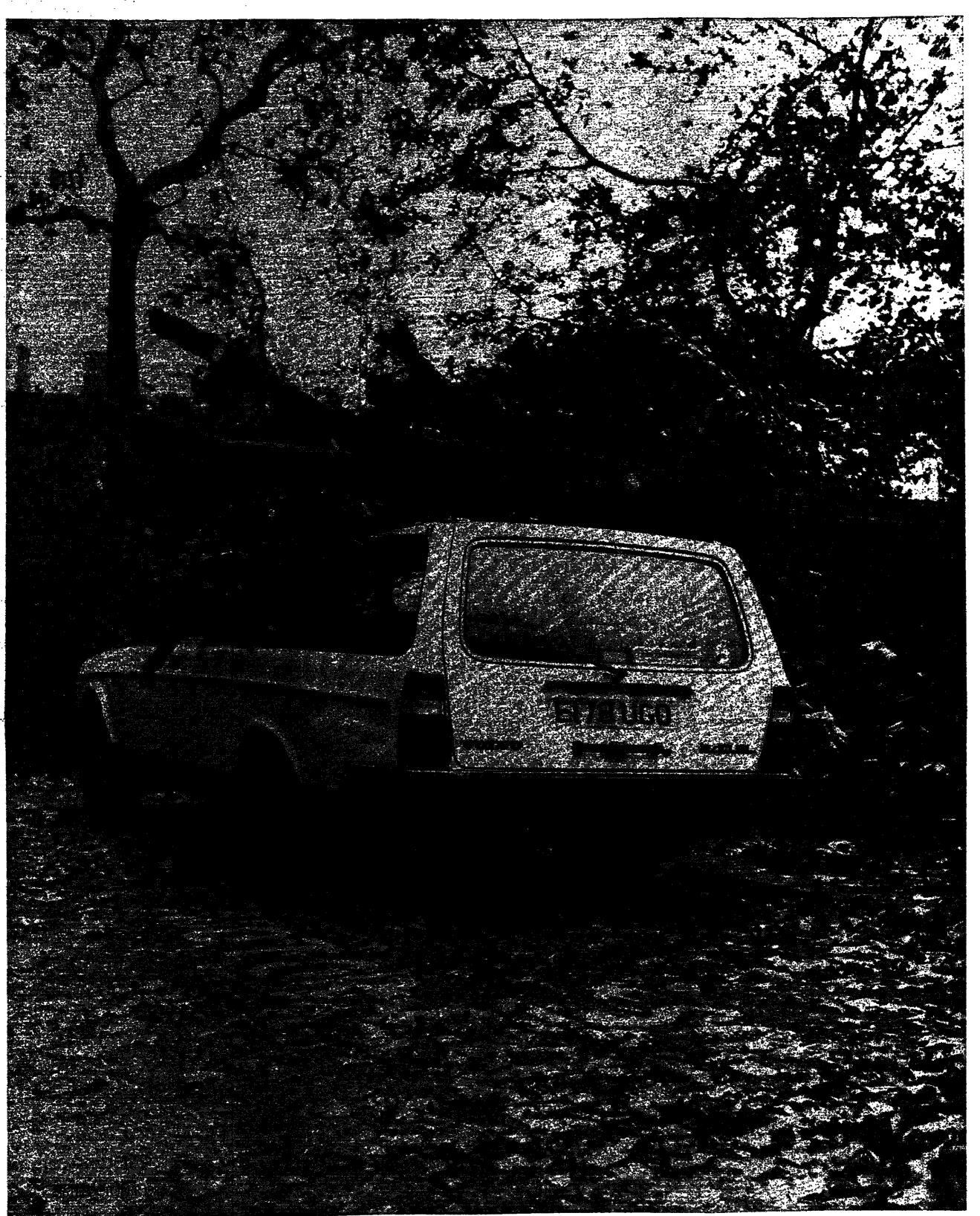
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suring that by 1993 about 1m unstitution receiving. about dergraduate and postgraduate 200,000 a year.

The MSC's funding will be about the major training that be about 100 and 100 a Through the prise training as part of their courses is being launched by the Manpower Services Com-Weekend FT

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APPOINTMENTS ADVERTISING

The initiative also hopes to portion rising from the bird-build more systematic and closer links between higher education and employers. tion and employers.

The commission expects stu-dents to acquire managerial and entreprenuerial skills mainly through project work

Each higher education insti-tution will be invited to submit five-year enterprise plans lay-ing out how the curriculum will be broadened and teaching methods changed to provide more enterprise training. The programme will cost

AN INITIATIVE aimed at en- about £10m a year with each in-

conditional on industry and commerce contributing funds worth about a quarter of the public investment, with the pro-

The plan mirrors the secondary schools training and vocational education initiative which is aimed at encouraging a gradual but permanent change in the curriculum to ensure that all pupils receive some voca-tionally oriented education.

The intiative, which will start in the next academic year, has the support of the Education Department and the University

The commission expects the institutions will develop a variety of programmes but its policy aper outlines several areas of

likely development It will be much more important to give students a "feel" for the way enterprises work than to provide them with teaching.

the pian says.

The programme may also require institutions to take on more students who do not have traditional academic qualifications but experience and apti-tude for business. This is likely to require an increase in those seeking higher qualifications.

Sir Peter Thompson, chairman of the National Freight Consortium, has declined for personal reasons to become chairman of the commission. His appointment had been approved by the Prime Minister and Mr Norman Fowler, Em-ployment Secretary.

#### Employers may take some MSC roles

£43 per single column THE GOVERNMENT is likely to come under increasing pres-sure to effectively privatise some Manpower Services Com-Premium positions will be charged £52 per single column centimetre mission functions by passing control of them to local employ-For further information call: 91-248 4782

er networks.

The networks are employers' training bodies being set up in local education authority areas.

Their national organisers expect 35 to be set up by the end of next month and 45 more by next authority.

of 132 networks by last month but the organisers believe slower growth will provide a firmer foundation.

The networks are intended to give employers a more conher-ent, systematic influence over the training and education pro-vided by local education au-thorities and private-sector bodies in their area. They will also advise employers on train-ing facilities based on analysis of local skill shortages.

The national organisers have asked ministers to allow the networks eventually to control some services provided by the commission once they are firm-ly established.

Mr David Stanley, project di-rector, said a growing number of companies including ICI, GEC, Unilever, Ford, RTZ and Pilkington was backing the project. Clearing banks had also expressed interest

Daniel Berry Extn 3456 Tessa Taylor Extn 3351 autumn. This is below the target INVESTORS IN INDUSTRY GROUP PLC, 91 WATERLOO ROAD, LONDON SEI 8XP. TELEPHONE: 01 928 7822 On March 4th last, we were approached by the management team. By March 26th, the buy-out was secured. By May 26th, Cityquest, the buy-out company, was floated as Wickes plc. Our speed wasn't merely confined to leading the deal, though. It also extended to underwriting it. Even, indeed, to providing a substantial back-up loan at extreme short notice. Such is our ability to act as businessmen more than as bankers. Evidence, too, of how our independent status enables us to work directly with investors and bankers alike, so ensuring the firmest of foundations. Feel free to phone us at 3i in the City (OI-928 7822). Ask for Rodney Hall, Eric Barton or Brian Larcombe. You'll find we're quick to build up a successful relationship.

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INVESTORS IN INDUSTRY

#### **APPOINTMENTS**

#### Hongkong and Shanghai **Bank London chief**

Mr Keith Whitson is to become chief executive officer UK Michael Franklin as its nominee of HONGKONG and SHANGHAI on the board of the AGRICULBANKING CORPORATION in TURAL MORTGAGE CORPONOVEMBER. Mr Michael Wells, who is currently general manager in charge of the bank's UK operations will be returning to Hong Kong. Mr Whitson, 44, joined the bank in 1961 after attending Alleyn's School in Dulwich. Since then his career has included tours of duty in Malayincluded tours of duty in Malay-sia, Germany and Indonesia as well as a number of positions in the group's head office and domestic operations in Hong Mr J.L. Kavanaugh has been ap-

He has been assistant general manager finance in the area management office of the management office of the tor of BAIN CLARKSON aviabank's domestic operation in tion division.

Hong Kong from 1985 to 1987.

This job has included overall BANCA DELLA SVIZZERA IT-responsibility for the bank's ALIANA has appointed Mr Raitressury operations in Hong her Plent as head of its London kong, asset and liability manoperation. His deputy will be reserved integral accounting. Mr Roland Strability who is the second of the control of

Mr Peter Shuttleworth becomes

Mr Raymend P. Celucci has been assist with a new dealing facility being built in New York. dent of RACAL-MILGO, Fort Lauderdale, Florida He will remain president of the manufacturing division. The company is part of the Racal Electronics TRUST, remaining finance director for the time being.

FTC HOLDINGS has appointed Mr Peter Shirley as a non-executive director.

BARRATT SOUTHERN has appointed Mr Terry Jenkins as managing director of Barratt Central London. He was con-struction and technical direcPRESCOT UNDERWRITING & MANAGEMENT SERVICES has appointed Mr John Reeder as di-

rector-in-charge of engineering underwriting.

pointed chairman, Mr M.J. Cow-le managing director, and Mr S.C. Pritchard executive director of BAIN CLARKSON avia-

treasury operations in mong are remained and the account of the Kong, asset and liability manoperation. His deputy will be agement, internal accounting Mr Roland Staehil who is curand economic research. This rently in charge of the London and economic research. This rently in charge of the London post has also involved a close representative office. Mr Mirelationship with the Hong chael Barr becomes manager of the treasury department. He was with Credit du Nord where Mr Jonathan Tams has been appointed managing director of er. Mr Michael Nye becomes PICKFORDS RELOCATION chief dealer in the treasury deservice, the new wholly-owned subsidiary of Pickfords. It was as also director at Homequity.

Mr Don Crossman, Mr Brian Day and Mr John Spurr have been made directors of FULTON PREBON STERLING, sterling broking company of the ICH Group. They were associate di-

Group. They were associate directors.

The were associate directors.

The were associate director of BUCKLEY & BLAND, Stockport, with responsibility for Donald Kendall & Sons, and appointed a director of Lee & Nightingale Kendall, Liverpool. He was with the Jefferson Smurfit Group.

Mr Peter Shuttlewerth becomes a director of POWELL DUF-FRYN from January 1, while tor of dealing technology concontinuing as group secretary. Sultants COMPUTER INTERSECTION the Bichael Wilkinson retires FACE SYSTEMS, has been seconded to Canadian Imperial Bank of Commerce for a year to assist with a new dealing facility assessment of the property o

Mr Dennis Wilby, an executive director of BRENT CHEMI-CALS INTERNATIONAL, has been appointed chairman of the new surface treatment division. Mr Brian Garner, also an executive director, has been made responsible for the UK and Far East operating companies in the new division.

MOTICE OF REDEMPTION To the Holders of the Extendible Notes Due 1999

#### **General Electric Credit Corporation**

The foregoing Corporation is an affiliate of General Electric Company, U.S.A.

GENERAL ELECTRIC CREDIT CORPORATION By The Chese Marshetten (National Association) as Fiscal and Paying i

Dated: October 8, 1987

#### INTERNATIONAL APPOINTMENTS

# Puma replaces chairman with ski company head

PUMA, the loss-making West
German sports goods manufacturer, announced yesterday that
it had appointed Mr Hans Woitschaetzke as the company's new
management board chairman.

statement said.

Mr Dassler told the annual
meeting on Monday that Puma
posted a 1987 first-half group
schaetzke as the company's new
loss of about DM 14m (64.7m), of
management board chairman.

by December 1, a company

bossed a 1987 first-half group
boss of about DM 14m (£4.7m), of
which the largest portion was in
the US. No comparative figure
for 1986 first-half group loss was
available.

Puma posted a group consolidated loss of DM 41.05m in 1986.

However, Mr Dassler, who together with his brother Gerd
hold all of Puma's 720,000 ordinary shares, said he would
make a personal payment of DM
4.50 a share to shareholders.

Asea Brown

its top team

**Boveri** names

ASEA BROWN Boverl, the new group to be formed with effect from January 1988, and owned jointly by Asea AB, Sweden, and BBC Brown Boverl, Switz-

erland, has named its full man

agement team.

Mr Percy Barnevik will become president and chief exec-

utive officer and Dr Thomas P

Gasser as deputy chief execu-tive officer of the group which will be the world's largest elec-

trical equipment manufacturer.
The other members of the

team will be Mr Arne Benn-born, Mr Erwin Bielinski, Mr

born, Mr Erwin Bielinski, Mr Sune Carlsson, Dr Eberhard von Koerber, Mr Goran Lindahl, Dr Bertold Romacker, Mr Bert-Olof Svanholm, Dr Werner Thommen, Dr Lers H. Thunell and Dr Leonardo E. Vannotti. Mr Barnevik, 46, was appoint-ed president and chief execu-tive officer of Asea in 1980. Dr Gasser is chief executive officer of BBC Brown Boveri.

WSE chooses duo to lead film

executives announced

LOCKHEED CORPORATION, MR RICHARD Keatinge, British the US aeronautical group, has chief executive of the Bank of announced three executive appointments.

Mr Barton Krawetz, 48, has Mr Keatinge was previously been appointed executive head of group strategic developwice-president and general ment and prior to that an execumanager for research, technology and engineering of Lockheed Aeronautical Systems in Burhank California.

MR MATTHEW J. Stover has

bank, California.

Mr John R. Kreick, 43, will become president of Lockheed pany as vice-president, corposanders in New Hampshire, rate communications.

Mr Stover nill becommunications.

Mr Stover in Stover can be president, corposand in Stover will be responsible for the president of the store of the s

MR MATTHEW J. Stover has

library marketing campaign

bank, California.

#### **PolyGram** promotes Australian chief

MR BRUCE Mackenzie has been appointed senior vice-president, regional operations, of PolyGram Inter-national, the music and record-

ing company.

The PolyGram organisations in Australia, Cauada, The Netherlands and New Zealand will report directly to Mr Mackenzie, as will regional directors Kuno von Einem and John Lear



WEINTRAUB Screen Entertainment has appointed Mr Jim N. Landis as senior vice-president of worldwide distribution and Mr Richard Milnes as UK managing director to market its film library worldwide.

WSE, the Los Angeles-based subsidiary of Weintraub Entertainment Group, has also retainment Group, has also retained as consultants three leading figures from the UK film and television industries:

Mr Milnes, formerly managing director of J. & M. Film Sales, will be based in Los Angeles and supervise the international distribution of will be based at WSE's film library in all media, as well as handling the licensing of the film library.

The library consists of more than 2,000 theatrical feature vision and theatrical products.

Mr Landis will have responsi-Bruce Mackenzie: to head

and deputy regional director Alexander Naoum. The regional directors are re-**Lockheed Corporation** 

sponsible for PolyGram's na-tional organisations in 16 coun-tries and PolyGram licensees worldwide.

Mr Mackenzie has been in the music business since 1972. He joined the PolyGram Group in 1980 and was appointed manag-ing director of PolyGram Re-cords Australia in March 1983.

#### Austrian bank appointment

MR WILLIAM H. M. de Gelsey max been appointed as a member of the International Advisory Board of Creditanstalt-Bankverein, Austria's largest bank.

Mr de Gelsey, at present deputy chairman of Orion Royal Bank based in Tokyo, will focus on capital markets in his work for Creditanstalt.

He will continue to operate

and Mr David B. Bowman will be responsible take the post of vice-president for media relations and the secretary and assistant general counsel of the corporation.

Are communications.

Mr Stover will be responsible for media relations and the preparation of the annual and quarterly reports. CRH, Ireland's largest construction materials group, has appointed Mr Tony Barry as chief executive designate. He will accounting Standards take over as chief executive in January 1888 on the retirement of Mr Jim Culliton.

Mr Barry, 52, is a native of Cork and joined the group in 1984.

Multiplication and the group in the first open and the group in the gro

But did you know that in offices up and down the country, Brothers have made a name for

themselves as amonast the fastest printers you can buy?

As you are no doubt aware, no-one was

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Print speed does, of course, vary from machine to machine, but probably the world's fastest single headed dot matrix printer is without a doubt the one we call model 4018.

Its 18 pin head fires out letters and documents - in

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They're not the only brothers with a reputation for speed. paper at the rate of 45 feet per minute. However, it does this without sacrificing either quality or reliability. But the 4018 is only one of a whole range of Brother printers, including daisy wheel, dot matrix and laser. All have impeccable characteristics. Which is more than can be said for some brothers. Please sand me more details on the Brother printer range.

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LONDON

EAST KILBRIDE

Research

assistant

ban to be

MPs are poised to debate the banning from Westminster of an Irishman who is a research assistant to Mr Jeremy Corbyn.

the Labour MP for Islington

After furious protests from

Labour MPs, the Speaker, Mr Bernard Weatherbill, in the

Commons last night, defeuded his bar against Mr Ronau Ben-

nett who in 1975 was convicted

of murdering an RUC inspec-

tor. His conviction was quashed on appeal after be had served 13 months in jail. The Speaker ordered the sus-

pension of Mr Bennett's pass into the Palace of Westminster

during the recess.

Last night's heated ex-

Last night's heated ex-changes — during which the Speaker recalled the 1979 mur-der of Mr Airey Neave, then shadow Ulster Secretary, and its deep affect on him — ended with Mr Weatherill saving: T think the matter should be de-

debated

North.

# Ridley defends storm assistance as 'generous'

THE GOVERNMENT is being spending above the threshold generous in its assistance to would attract grant penalties, those councils in southern En- and said limited extra capital

grant next year.

Mr Ridley said in a statement that he had written to local authorities confirming that the Government planned to employ a formula negotiated with councils in 1983. Under this they will be expected to spend the equivalent of a penny rate from their own resources, with shire districts able to raise 0.15 of a pen-

gland facing heavy bills for clearing up after last week's storm, Mr Nicholas Ridley, the Environment Secretary, told the Commons yesterday.

His claim was greeted with scepticism by Labour MPs, and some Tories shared their control that excess money spent on the final cost to the Government that excess money spent on the final cost to the Government.

some Tories shared their concern that excess money spent on repairing storm damage might result in a loss of rate support grant next year.

The Property of the Government would be. He said he had been generous in not uprating in line with inflation since 1983 the amount councils had to find.

A JOINT "policy prospectus" before the launch if the maximum number of current memorial before the launch if the maximum numbe

will be produced by the leaders of the Liberal and Social Demo-cratic parties when their Following three meetings of the two parties' negotiators, it sembly decisions with which it

merged party is launched next the two parties' negotiators, it sembly de spring.

As become clear that the condisagrees.

Mr David Steel, the Liberal leader, said at Westminster yesterday that he and Mr Robert Maclennan, the SDP leader. less centralised and more fedwould draft such a prospectus and its publication would be "associated" with that of the new less centralized and more fedwould fraft such a prospectus and its publication would be "associated" with that of the new party will have a less centralized and more fedword fragility. In particular, it is proposed that the new party will have a less centralized and more fedword fragility.

"associated" with that of the new party.

He said the statement would not deal with detailed policies, but would set out the party's a one-member, one-vote basis, and there will be a representa-

policy stance in "clear and un-ambiguous terms." The drafting would not be part of the negoti-ations, but the two leaders would, he said, want to make sure their colleagues were hap-mittee senarate from the na-mittee senarate from the na-

y with it. mittee separate from the na-This meets the concern of tional executive committee and



Nicholas Ridley: tree planting aid announced

ities to explore the long-term implications of the storm.

Mr Mark Wolfson (C. Sevenoaks) asked Mr Ridley to give "due concern" to "prudent au-thorities who are dealing with a problem well beyond any rea-Dr John Cunningham, the shadow Environment Secretary, questioned why the product of the penny rate was excluded from Mr Ridley's pledge of exemption from rate support grant penalty.

problem well beyond any reasonable and sensible expectation." Mr Terence Higglas (C, Worthing) asked whether withdrawal of grant penalty would mean an extra 40p from councils for every £1 spent within the penny rate threshold.

Mr Ridley around that council to the penny rate threshold. Mr Ridley argued that coun-cils should have budgeted for that threshold.

He argued that under current financial conditions, it would be hard for councils to find the sistance for spending above that threshold.

He argued that under current financial conditions, it would be hard for councils to find the sistance for spending above that threshold.

He argued that under current financial conditions, it would be hard for councils to find the diture within the penny rate threshold was contained within a prudent budget it would not attract penalty.

The negotiators have reached

which will be larger than the SDP's Council for Social De-mocracy - perhaps two to three

times its current 450 members. But it will be representative, principally of constituencies,

rather than partially self-select-

ing from local activists as the Liberal Assembly now is.

twice a year, once for a week-end in the spring and then for

the usual autumn conference.

This would remove the need for

the quarterly party council which the Liberals have had and which has at times been a

This new assembly will meet

#### Orders for warships to slow down 'Prospectus' for merged party

THE GOVERNMENT has formally revised its 1982 commitment to order three frigates a year in order to maintain a fleet of 50 surface warships.

In its reply published yesterday to the recent Commons defence committee report on the military lessons of the Falklands conflict, the Defence Ministry says: "It is not now necessary" to meet the 50-ship commitment by ordering three frigates a year because of deccommitment sy ordering inree frigates a year because of dec-isions in the past five years to extend the lives of ships and modify their upkeep cycles. Recently, the Ministry of De-fence announced its intention to place contracts for four Type-27 friests. But on the

Type-23 frigates. But on the pattern of 1985-1987 ordering, the rate of ordering seems to be around four every two years rather than three a year,
Implementing the lessons of
the Falklands compaign.

# **Open season on our secrecy laws** AFTER a summer of controversy surrounding the Government's attempts to ban publication of Spycatcher. Peter Wright's account of his activities as an MI5 agent, the House of Commons returns to face three private members' bills dealing with secrecy and freedom of information. AFTER a summer of controvers and Berwickshire, who wants patients to have access to doctom of insuration information in the proposals. It is still a sound apply the test of "serious injury" not just to alleged offences involving information. We regret Mr Shepherd has relations, as in the ill-fated 1979 protection of Official Information trade-off in which tighter controls on the protection of some concerning security and intelligence. The measure would apply the test of "serious injury" not just to alleged offences involving information.

dealing with secrecy and free-dom of information.

The bills, which emerged from the ballot among MPs wishing to promote legislation, are due for a rough ride and an uncertain fate. The most signifi-cant proposal, to be introduced by Mr Richard Shepherd, the Tory MP for Aldridge Brown-hills, promises to provide the focus for the most serious pub-lic debate on the secrecy issue since 1970 since 1979.

Mr Shepherd's Protection of Official Information Bill, which topped the ballot and has the best chance of reaching the statute book, falls short of being a fall Freeders of Information ute book, falls short of being a full Freedom of Information Bill and there are fears that it could be hijacked by the Government to toughen up, rather than liberalise, secrecy laws.

The other bills are being promoted by Mr Archy Kirkwood, the Liberal MP for Roxburgh

MPs' proposals face an uncertain fate, writes Michael Cassell repeal the "catch-all" approach of Section 2 of the Official Se-

crets Act and to replace it with new measures to protect infor-mation in six key areas - in relation to defence, international relations, security or intelli-gence information whose disclosure could seriously injure the national interest, informa-tion which could assist in com-mitting a crime and certain categories of information provided in confidence to the state by pri-

vate citizens. proposed legislation

gence.
The measure would also al-

when public safety and environ-mental pollution laws are breached. low an accused person to mount a defence on the basis that he or she had acted in the public in-Mr Shepherd's bill sets out to

types of information or that the

terest in disclosing certain

types of information or that the information had previously become public.

Mr Shepherd, who is to delay his bill's introduction to the Commons in order to mobilise backbench support, claims that it forms a "vital precondition to greater access to official information".

the public right to know

Mr Wilson also said there were fears that the well-intentioned" bill could be subjected to so many government amend-ments that it could end up imposing a more draconian piece of legislation than that which already existed.

Mr Jonathan Aitken, the Tory MP for Thanet South and chairman of the parliamentary advi-sory committee to the freedom of information campaign, said the bill represented "a sensible attempt at replacing Section 2 in a constructive wa

He said it should be allowed to go through the committee and greater access to official information.

But Mr Des Wilson, co-chairman of the Campaign for Freedom of Information, which has, helped to draft the bill, said it has two particular reservations to go through the committee and report stages before the Commons decided on its value. Any attempt by the Government to kill it off at its second reading would be tantamount to partial-mentary infanticide.

#### bated. I hope the matter will be Mr John Wakeham. Leader of the House, is expected to make time for this — perhaps under a wider ranging debate

on Commons security. Mr Weatherill said: My undoubted responsibility is to protect members of this House. That was the whole basis on which I took this decision. Mr Corbyn had protested at the Speaker's withdrawal of

the security pass issued to Mr He accused the Security Services of advising the Speaker to withdraw the pass and he told the Commons: There are ne convicctions outstanding against Ronan Bennett. He is an innocent man."

Labour's front beach did not join in the exchanges but Mr Tony Benn (Chesterfield) accused the Speaker of having "tried and convicted" Mr Ben-

#### Labour call for Maude dismissal

BY Michael Cassell, Political

THE Prime Minister is being called on by two Labour MPs to dismiss Mr Francis Maude, the Minister for Corporate and Consumer Affairs, following his refusal to investigate alle-gations of fraud made by mi-merity shareholders in Film

Mr Brian Sedgemore (Hackney and Shoreditch) and Mr Dennis Skinner (Bolsover) have tabled a Commons motion of no confidence in Mr Mande and put down a written ques tion to Mrs Thatcher cailing for the minister's removal from office. The action follows the ruling earlier this year by Mr Justice Roox that there was prime facie evidence of crime under the Companies

Earlier this year, under the protection of parliamentary privilege, Mr Sedgemore al-leged that Sir Jasper Hollom. former chairman of the Take-over Panel, had attempted to over Panel, had attempted to cover up breaches of the act which had taken place in a company in which he was in-volved. The no confidence mo-tion claims that Mr Maude is protecting from embarrass-ment both Sir Jasper and the Governor of the Bank of En-gland.

At the time of the sharehold-ers' allegations, in 1882, one of

At the time of the shareholders' allegations, in 1882, one of the companies with a stake in Film Finances was Wren Trust, a whelly-owned subsidiary of Gresham Trust, which Sir Jasper chaired. Mr Sedgemore claimed that Sir Jasper had blocked the shareholders' action.

Mr Maude wrote to Mr Sedge-Mr Maude wrote to Mr Sedgemore last week saying he did
not propose to take any further
action in the case. He said further investigations would be
needed, any trial would be unlikely to take place before the
end of 1988 and that to bring a
prosecution after such a time
gap would be contrary to the
Code for Crown Prosecutors.
He added that only Mr Sedgemore and Mr Robin Cook, Labour's former spokesman on
the City, had raised the issue

### Labour pledge on ownership of water and electricity sectors

IF THE Government succeeds in private monopoly powers in two in privatising the electricity of power.

He insisted: Nothing is irreof every man, woman and child in privatising the electricity supply and water industries an incoming Labour Government would restore them to public ownership, Mr Jehn Cunningham, the shadow Environment Secretary, told the Commonsiast night.

He brushed aside suggestions from the Government benches that the policy review instituted by the Labour Party following its third successive general electiondefeat had placed him in a quandary in responding to theGovernment's latest privatis-

or, he said: "Yes".

Parliament, Mr Cunningham
Mr Cunningham recalled that
protested, was being asked to
frs Margaret Thatcher, the pass the bill conferring imporrime Minister, had described tant new central powerson min-Mrs Margaret Thatcher, the Prime Minister, had described the water authorities as natuisters before the Government's ral monopolies and scoffed at real intentions and detailed

to secure concerted action by the United States and the Soviet Union to end the attacks on

eign Secretary, again stressed the practical difficulties in es-tablishing an integrated United Nations naval force in the area

but acknowledged the impor-tance of keeping the two super-powers in step with the other members of the Security Coun-cil in maintaining the efforts to

to secure concerted action by the United States and the Soviet Union to end the attacks on shipping in the Gulf.

Sir Geoffrey Howe, the Forcign Secretary, again stressed the practical difficulties in establishing an integrated United in Iran did thesame, Iran had

BY IVOR OWEN

of power. He insisted: Nothing is irreversible in a democracy. A Labour Government would not
hesitate to eliminate private
monopolies and ensure that vital, fundamental serviceswere

controlled and managed in the best national interests". Mr Cunningham explained that this would involve achiev-ing a balance between the interests of consumers, employees, ministers and parliament.

in a quandary in responding to the Greater London Council authorities.

Answering a direct challenge from Mr NicholasRidley, the Environment Secretary, to say supply and water industries to the list of privatised industries and the English metropolitan authorities.

Parliament.

He likened the Public Utility Transfers and Water Charges Bill - the paving measure for the privatisation of the electricity supply and water industries to the Greater London Council and the English metropolitan authorities.

Parliament.

CONSERVATIVE backbenchers opposition mps frey promised that the possibility of suchs development would glo-French intervention in the Commons last night in the Common last nig

neither accepted nor rejected the resolution.

Move on Gulf shipping urged

There was also a risk, he contended, of thetwo industries coming under major foreign in-

Mr Cunningham said the British people would bethe victims of private monopolies with even less competitionthan the disgracefully mismanaged British Telecom<sup>a</sup>

Mr Ridley described the bill as the first steptowards implementing the Conservative election pledge to privatise the electricity supply and water industries.

While confirming that the principal legislations not likely to be introduced until November of next year, he stressed that the passage of the bill would give both industries a firm basis on which to prepare themselves fullyfor the future the Government proposed for

Mr Cecil Parkinson, the Enerher claim at the Conservative proposals were known.

conference in Blackpool that in Mr Cunningham accused the spreadinghome and share own-shership the Government had seeking to create widespread eration.

such a body to protect shipping in the Gulf

Mr Healey, who also com-plained that the United States had adopted a position "clearly partial to Iraq rather than im-partial, was reminded by Sir Geoffrey that Iraq had re-frained from attacks on interna-

rained from attacts on interna-tional shipping forseveral weeks at a time.

The Foreign Secretary re-fused to accept that there was any precedent for establishing a combined UN naval force, but

# monteoison

SDP leaders that the merged that it should contain several and which has at times been party's views should be clear MPs. It is also not yet resolved thorn in the leadership's side.

Share Capital Lit. 2,704,621,524,000 fully paid up
Milan Court, Companies Registry Nr. 355 - Vol. 10 - Section 84

#### NOTICE OF AN EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

An extraordinary General Meeting of shareholders is called for November 10, 1987 at 10.00 AM (first call) and if needed on November 11, 1987 (second call) to be held at Montedison S.p.A.'s registered office in Milan, Foro Buonaparte 31 in order to discuss and resolve upon the following items on the agenda:

 Reports by the Board of Directors and Statutory Auditors;
 Increase of share capital from Lire 2,704,621,524,000 to Lire 3,245,545,828,000 through the issue of 540,924,304 new ordinary shares with subscription rights for the shareholders at a price of Lire 1,850 each (plus Lire 50 for reimboursement of expenses); Amendment of article 6 of the Articles of Association;

Shareholders are entitled to attend the General Meeting if, at least five days before the Meeting, they deposit their share certificates at the Company's registered office or at one of the following financial institutions:

In Italy:

Monte Titoli (for certificates deposited with the same), Credito Italiano, Banca Commerciale Italiana, Banco di Roma, Banca Nazionale del Lavoro, Banco di Napoli, Banco di Sicilia, Banco di Sardegna, Istituto Bancario San Paolo di Torino, Monte del Paschi di Siena, Banca Cattolica del Veneto, Banca Cesare Ponti, Banca Credito Agrario Bresciano, Banca del Monte di Lombardia, Banca di Legnano, Banca Lombarda di Depositi e Conti Correnti, Banca Manusardi & C., Banca Mercantile Italiana, Banca Nazionale dell'Agricoltura, Banca Popolare di Benca Nazionale dell'Agricoltura, Banca Popolare di Benca Popolare di Benca Popolare di Lecco, Banca Popolare di Milano, Banca Popolare di Novara, Banca Popolare di Sondrio, Banca Provinciale Lombarda, Banca Subalpina, Banca Toscana, Banco di Chiavari e della Riviera Ligure, Banco di Santo Spirito, Banco Lartano, Barclays Bank PLC, Cassa di Risparmio del Provincie Lombarde, Cassa di Risparmio di Frenze, Cassa di Risparmio di Torino, Cassa di Risparmio della Provincia Lombarda, Banca di Risparmio di Torino, Cassa di Risparmio della Provincia Lombarda, Banca di Risparmio della Provincia Lombarda, Banca di Risparmio della Risparmio della Provincia Lombarda, Banca di Risparmio della Riviera Ligure, Banca di Riviera Ligure, Banca di Riviera Ligure, Banca di Riviera Ligure, Banca Risparmio di Genova e Imperia, Cassa di Risparmio di Roma, Cassa di Risparmio di Torino, Cassa di Risparmio di Genova e Imperia, Cassa di Risparmio di Verona Vicenza e Belluno, Citibank N.A., Credito Bergamasco, Credito Commerciale, Credito Emiliano, Credito Lombardo, Credito Romagnolo, Credito Varesino, Creditwest, Istituto Bancario Italiano, Istituto Centrale di Banche e Banchieri e Banche sue Associate, Istituto di Credito delle Casse di Risparmio Italiane "I.C.C.R.I." on behalf of Casse di Risparmio Associate, Nuovo Banco Ambrosiano, Standard Chartered

Abroad (By appointment of Italian banks according to law ): In Switzerland:

Société de Banque Suisse-Basel and Zurich, Crédit Suisse-Zurich, Union de Banques Suisses-Zurich, Hentsch & Cle.—Geneva, Banca della Svizzera Italiana—Lugano, Banco di Roma per la Svizzera—Lugano. in France:

Banque Nationale de Paris, Crédit Lyonnais, Banque Indosuez, Banque Louis Dreytus—Paris, In Great Britain

Hambros Bank Ltd., Morgan Guaranty Trust Co.-London

In Belgium: Banque Bruxelles Lambert, Kredietbank, Générale Bank—Bruxelles.

In West Germany: Deutsche Bank, Dresdner Bank, Berliner Handels- und Frankfurter Bank-Frankfurt a/Main. In The Netherlands:

Amsterdam Rotterdam Bank N.V.—Amsterdam and Rotterdam. In U.S.A.:

Citibank N.A., Morgan Guaranty Trust Co.-New York.

On behalf of the Board of Directors Mario Schimberni

PROCEDURES TO BE FOLLOWED BY FOREIGN SHAREHOLDERS: (a) Shareholders wishing to attend

They must request in writing or by telex that the bank where their shares are deposited issue an admission ticket, if that bank is one of Montedison's above-listed depositary banks. If the bank where their shares are deposited is not one of Montedison's depositary banks, they must request that that bank transfer their shares to one of the depositary banks so that an admission ticket can be issued. All admission tickets must be issued at least five days before the extraordinary General Meeting.

(b) Shareholders wishing to vote by proxy Under Italian law proxy cannot be given to: banks, members of the Board of Directors, statutory auditors, and employees of Montedison and its subsidiaries.

Please Note: Shareholders may contact the foreign branches of the above-listed Italian depositary banks to expedite these procedures.

For further information, please contact: Tel.: 39-2-63335664.

# but acknowledged the importance of keeping the two superpowers in step with the other members of the Security Council in maintaining the efforts to achieve a ceasefire in the Iran-Iraq war. When Mr Denzis Walters (C, Westbury) warned of the danger of the Soviet Union taking a stated by Iraq and not by Iran-Iraq war. The Foreign Secretary refused to accept that there was any precedent for establishing at combined UN naval force, but assured Mr Healey that the proposal had not been "lightly dismissed". Tebbit bullish on the economy

BY PETER RIDDELL, POLITICAL EDITOR

has never been so good, despite the stock market upheavals, Mr Norman Tebbit, the Conservat ive Party chairman, claimed

yesterday.

Addressing a seminar in the City organised by Confederation Life, the insurance group, Mr Tebbit noted that the financial markets have had a bit of a state of the shotely but 1 find a fit of the shakes, but I find it hard to recollect a time when the outlook for Britain has been so good - indeed, so good in re-lation to those of other coun-

mate, he said.

"In both cases a good deal of damage has been done and a good many people may be reviewing their affairs to make sure they are less likely to suffer damage in any similar circumstances in future - and that may be a good thing, he added.

Both yesterday, and in a similar speech to a Sun Life investment seminar on Tuesday, Mr Tebbit said he had no doubt that "as more and more benefit, the social revolution will become too deeply rooted to be a sun standard.

BRITAIN'S economic outlook which swept through London coming beneficiaries, becoming has never been so good, despite have changed our weather climate, he said.

"Many previous revolutions"

He contended that such con- the practicality of constituting

doubt that 'as more and more benefit, the social revolution will become too deeply rooted so good - indeed, so good in relation to those of other countries.

"Of course we have just seen a
stock market storm - but in my
view that storm no more
changes the economic climate
than the recent 100mph winds

Tebbit stressed the extension of home, share and personal pension ownership as part of a "sotial revolution".

He said the revolution was
unlike many others since it was
"a force for social stability as
more and more people are be-

# Radical left sets alternative agenda

DISCIPLES of the radical left will this weekend gather in Chesterfield to reaffirm their faith in a socialist Britain, to challenge the dominant ideology of Thatcherism and to convince the Labour Party leadership that its policy review will ignore their opinions at its peril.

More than 1,500 delegates are expected to attend the Socialist Conference, being held in the parliamentary constituency of Mr Tony Benn, a driving force behind the

Mr Tony Benn, a driving force behind the event and still one of the left's most respected champions. Among delegates will be visitors from Europe, South Africa and Central America, as well as a peace mission from the Soviet Union.

Speakers will include Mr Arthur Scargill, the National Union of Missemorkers.

gill, the National Union of Mineworkers leader, Mr Ken Livingstone, a member of Labour's national executive, Mr Bernie Grant, the MP for Tottenham, Mr Dennis Skinner, the MP for Bolsover and Mr Eric Heffer, MP for Liverpool Walton. The level of interest in the conference

has surprised even the organisers, who are increasingly hopeful that Chesterfield will send out a clear message to a revisionist party leadership that Labour's salvation lies in a political programme incorporating more, not less, socialism.

The conference will discuss all aspects

Michael Cassell previews an avowedly socialist conference

of domestic and international policy and delegates will be given briefing papers which are not intended to represent binding policy positions but will form the basis

ing policy positions but will form the basis for discussions.

They nevertheless provide an Indication of the likely flavour of the proceedings, with calls for withdrawal from Nato, more public ownership and democratic plan-ning, restoring the influence of the trade unions and harnessing the potential for political reform within the working clas-

Mr Benn himself yesterday helped set the tone by claiming that the conference was being held at a time when the world was beginning to suffer the effects of un-controlled capitalism while watching ner-vously as events in the Gulf unfolded. Socialists, he said, had long warned of the dangers posed by monetarism and mil-itarism to jobs, living standards and the

survival of working people. Only urgent political action could save millions of inocent people from getting badly hurt. He dealed that those behind the "alternative" conference saw it as the first step towards the creation of a separate party, even though they expect it to begin to for-mulate fresh, socialist policies and also want to establish a register of supporters before organising further, similar gather-

before organising further, similar gatherings.

Chesterfield, he added, was expected to contribute towards the Labour Party review of policy which is just getting under way and he stressed that the event was not aimed at creating any form of new, electoral organisation. He added: "Labour said at Brighton that it was listening. At Chesterfield, we will be speaking."

Mr Benn said the conference was being held to float and debate ideas and expressed the hope that it would avoid a "shallow and personalised approach" to the discussion of policy issues. The event represented "an ecumenical socialist con-

represented an ecumenical socialist con-

represented an ecumenical socialist conference which would make a mosaic, rather than a monolith, of opinion, with all views being treated with respect.

He hoped that those going to Chesterfield would come away feeling optimistic that there was another, political way forward. Until it became a reality, the nation remained paralysed into accepting high unemployment, nuclear weapons and a starving Third World.

# Distilling a more favourable climate

Tony Thompson on 'responsible' advertising in North America

OVER THE PAST three years, North American drinks manu-facturers have been paying advertising agencies to tell consumers the disadvantages of their alcoholic products. The brewers, distillers, and wine producers say they are doing so out of a sense of public service. But it is also good business strategy, and, perhaps more important, politically astute.

Their actions would have amused Sam Bronfman, the Ca-nadian responsible for building the Seagram Company into an international conglomerate. He would have wondered why it had taken them half a century to catch on. Seagram began using the tactic in the US in 1934 - a year after prohibition was end-ed by President Roosevelt. Seagram was in a good posi-tion to take advantage of the

vast market in the United States when it became "wet". For years Bronfman and his brothers had been major suppliers to the US bootleggers from their legal Ca-nadian base; some estimates put the Bronfman family's share of the illicit trade with the US as high as 50 per cent. In a very short time, two of Seagram's whiskeys became top-selling

litically fragile. The "dry" lobby was powerful and fighting to have prohibition returned to the Statute Books. To head this off Seagrams launched a masoff Seagrams launched a massive campaign, taking full page advertisements in 150 major newspapers across the country, headlined: We Who Make Whiskey Say: 'Drink Moderately'.

Seagram's head office in the

US received some 150,000 congratulatory letters from both those oposed to and those in favour of the anti-liquor laws that had been in effect since 1920. The slogan became one of the most processful of the area it also most successful of the era. It also had the effect of drowning the "dry" lobby's demands for the return of the National Pro-

hibition Enforcement Act. Seagram continued to pay for space to espouse moderation, mainly during public holidays. During the mid-1970s it was decided to change the emphasis to address current social con-cerns and include wine and beer (in which, through various holdings, the Bronfman family has major interests).

The Seagram ads don't mince words. 'Richard (the vice-president in the ad) isn't incompe-

tent. The villain is his lunches, duced their own public service or rather the too many drinks he messages. According to a Sas-often has at lunch. Come after katchewan Liquor Board offinoon, he's just not as sharp as cial, this has resulted in there he was in the morning Richard being a ratio of up to 40 per cent is playing dice with his health educational to regular beer adventising on television and ra-

In an ad aimed at those who dio as stations fill up their infly to the bottle when feeling depressed, the copy runs:

There isn't a beer, a wine or a sive power has come from Onspirit made that can cure lonelitario, Canada's most populous ness, or, indeed, any unhappy state and biggest market for alsituation. The Liberal

sales in the foot.

For most of the time in the past 50 years, Seagram has been a voice in the wilderness. Other marketers of alcoholic drinks took the view that it wasn't their problem. All that has now brewers have paid for TV spous which point to the dangers of drinking and driving. Now, they say, they believe that the time has come to broaden the mestage.

Asked why the industry has income the Saskatchewan rule problem. All that has now changed.

which both alcohol and tobacco products may be promoted. In Canada, legislation which would effectively ban all promotion of tobacco brands (including sponsorship of the arts already had its first reading.

requirement.

But the media, hungry for According to Oland, the assobeer advertising, have pro-ciation's research showed that

ness, or, indeed, any unhappy situation."

All the current ads end with:

We believe in moderation and we've been saying so since 1934."

Seagram doesn't wait for an issue to hit the headlines. "We make a point of keeping in tune with current concerns." says Harold Pugash, vice-president of corporate relations for the Canadian operation. "We don't wait for it to become public."

The company also uses a different agency from that for its brand advertising, Others in the beverage alcohol industry have followed this lead, presumably because the brand account executives are unlikely to be in the business of shooting their sales in the foot.

For most of the time in the which point to the dangers of drinking and driving. Now, they

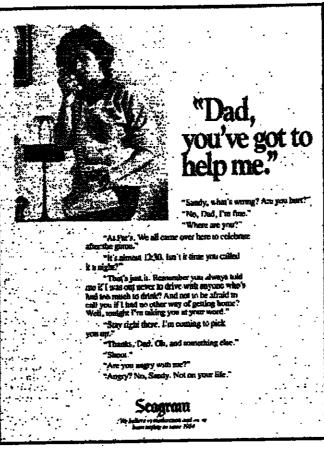
hanged. ignored the Saskatchewan rule
As it watches legislators - and that has been in effect for some As it watches legislators - and litigants - homing in on the to-bacco companies, the alcohol of the association and president industry is nervous. It could be the next to be picked off as which has a 38 per cent share of pressure groups lobby politicians and canny lawyers woo those who have lost relatives through drink-related causes.

The threat is real. There have through drink-related causes.

The threat is real. There have been rumblings in Washington about action to limit the way in which both alcohol and tobacco products may be promoted in

On top of that, one province, Saskatchewan, has made it identified mandatory for marketers of alcoholic products to devote 15 per cent of their budget in any one medium to educational ads. The brewers have ignored this requirement.

But the media hunger for According to Oland the area.



ments are not responded to by the public. They just close out it's too unoleasant." This suggests, in the Canadian brewers' view, that Seagram has got it all wrong for the past decade.

The US brewers' association

disbanded two years ago through lack of support, but the three majors, Anheuser-Busch, Coors, and Miller, are spending significant amounts. Anheuser-

spends \$500,000 a year on public relations. Discus's strategy is two-pronged: first to compare the alcohol content of spirits and beer (spirits have lost market share to beer and wine since about 1984); and to make the of the product, and on health is-

The council does not use a cent of its, by American stan-dards, tiny budget for buying space. It simply supplies mate-rial to the media. Many companies would spend that much ithe total budget] in one month on paid advertising, says F.A. Meister, chief executive officer

"body-in-the-bag advertise mean," says Meister, "that real inroads are being made in reas-suring the public and policymakers that drinking liquor is perfectly acceptable. Changing consumer attitudes is the key to increasing sales."

Seagram shareholders will certainly drink to that. Sea-gram'snet income from spirits and wines for the first six months of this year ending July 31 was \$67.3m compared with \$35.7m a year earlier. For the moment at least US politicians seem to be off the alcohol industry to be try's back.

The beleaguered tobacco industry, however, still unwilling to admit to the evert health risks from using its products, has shown no disposition to spend money on such educational programmes, either individually or collectively. vidually or collectively.

"They've probably left it too, late," says Alan Rae, president of the Canadian Advertising. Foundation; the tobacco indus-try faces a total ban on promo-

Today it seems that Sam Bronfman's savvy in 1934 was sound. The right sort of anti-advertising puts a sparkle in sales. And, along the way, it keeps the protesters and politicians out of the industry's vats. It is a point that other potential targets for pressure groups might consider. As Sam Bronfman proved: stabbing yourself in the back can be healthy for sales. Convenience foods

# Frozen out of the kitchen

Feona McEwan explains Campbell's move into upmarket dishes

DID YOU KNOW that the cook in a British kitchen spends an average 40 minutes preparing a meal, while her/his American counterpart spends 20 minutes and the food-loving French up to two hours?

This no doubt, speaks vol-

This, no doubt, speaks vol-umes to the social chronicler. But for food manufacturers, which work out such facts and act on them, the writing on the kitchen wall is clear.

As the time spent slaving over a hot stove decreases, so the de-mand for ready-made meals and mand for ready-made meals and partly prepared meals increases. Changes in family working habits have brought about changes in family eating habits. In short, now that the vast majority of women work outside the home, mealtimes are not what they used to be. Indeed, another factual nugget the manufacturers have come up with is that the number of eating occasions per day for a household works out at 6.4. Of these only 1.68 are traditional meals; the remaining 4.76 are

Add to this the growing popularity of microwave ovens - used mainly for reheating and de-

meals; the remaining 4.76 are

Add to this the growing popularity of microwave overs used mainly for reheating and defensing - and of freezers, and the picture of today's on-the-run eating habits becomes clearer. Market penetration of microwaves in the UK has risen sharply to nearly 30 per cent of homes, while that of freezers is to mome than 70 per cent. Small wonder, then, if it is true, as manufacturers claim that the number of recipes the average British cook carries in her or in his head is a pairty five.

For Campbell's, one of the amount of the sound available of the company out of cans and into freezers. Most famous in the UK for its condensed soupsthought of the company is now gearing up for a major expansion in Edwards to freezers. Most famous in the UK for its condensed soupsthough for far more in its native US. the company is now gearing up for a major expansion in Edwards in the company out of cans and into freezers. Most famous in the UK for its condensed soupsthough for far more in its native use year sums up the kind of freezers. Most famous in the learning of or far more in its native use year sums up the kind of the company out of cans and into freezers. Most famous in the way are usually in the company out of cans and into freezers. Most famous in the upday of the company is now gearing up for a major expansion in Edwards in the company is now gearing up for a major expansion in Edwards in the company is now gearing up for a major expansion in Edwards in the company out of cans and into freezers. Most famous in the initiative is separate from the company is now gearing up for a major expansion in Edwards in the company out of cans and into freezers. Most famous in the condensed soupsthough for far more in its native use years which are the company out of cans and into freezers. Most famous in the condensed soupsthough for famous in the condense of the company out of

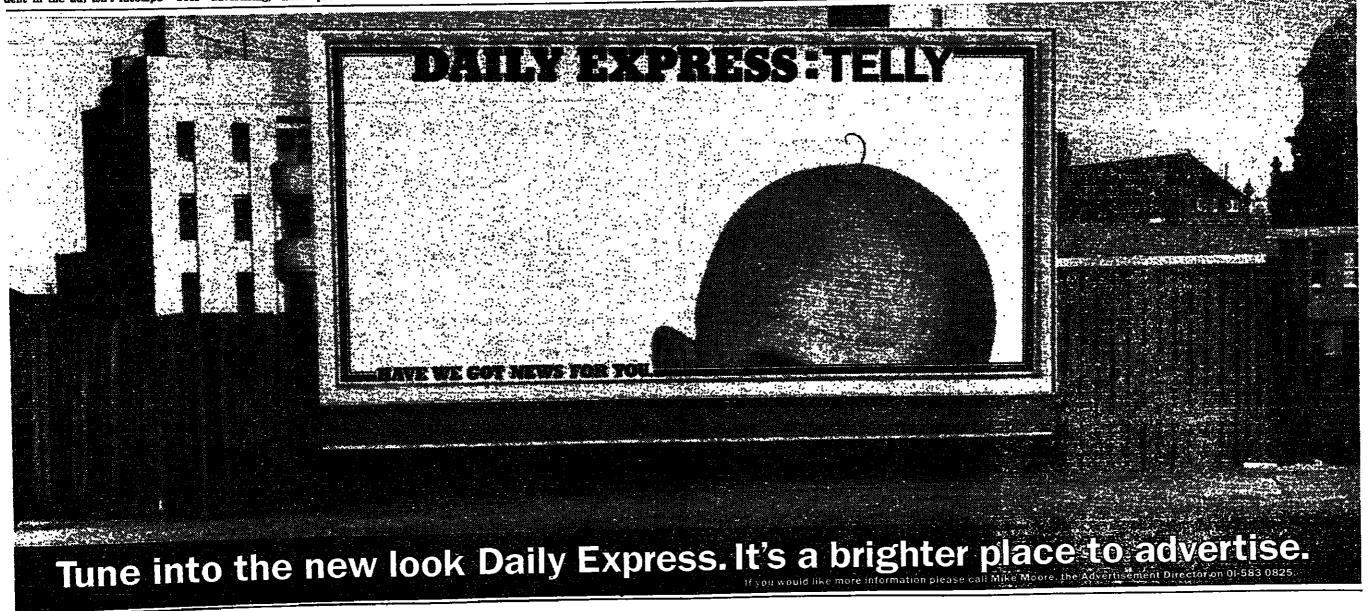


and Spencer and Sainsbury. The flaky pastry productscontain mushrooms or broccoli or asparagus in rich creamy sauce. The seafood en croute is positioned as pure indulgence food-we're not expecting these to be best sellers," says the companybased on shrimp, lobster and

crab. The emphasis is on ingredients aimed at the health-conscious eater. There are no addi-

by the food multiples like Marks number of factors. For a start, and Spencer and Sainsbury. the frozen food market is very the flaky pastry products onthe US. The UK has the second highest consumption of frozen highest consumption of frozen foods per head after the US in a market growing by about 4 per cent per annum and expected to be worth £2.4bn in the 1990s. Within this sector, specialist meals are growing fast and innovation is the key.

"It's where the excitement is,"



# A better way to do business in

Make the most of your business trip. Go Preference Class, Europe's superior business class, on the daily Iberia flight from Heathrow at 7.20pm. And arrive relaxed and ready for an early start next day — with an evening return getting you back to Heathrow at 6.25pm.

Iberia to Barcelona: twice daily from Heathrow, four times a week from Manchester. Iberia flies from Heathrow to 13 centres in Spain, where western Europe's biggest domestic network (including the Barcelona-Madrid Air Bridge) gives easy access to 31 cities in all.



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Quite simply, oil is by far the world's largest cash commodity. Every day, the free world consumes more than 46 million barrels. And spends some \$920 million to do so.

But that's only when oil is \$20 a barrel. The fact is, supply and demand, geopolitics, expectations of future oil prices and, of course, the weather can cause the price of oil to change on a daily basis. Changes that can heighten or lessen the already enormous impact of oil prices on the global economy by tens of millions

of dollars a day. Without question, the price of oil is well worth monitoring. And it's easy to do. Just by looking at the widely publicized daily oil prices reported by the energy complex of NYMEX—The New York Mercantile Exchange.

The global economic indicator. NYMEX oil prices are among the most sensitive and meaningful indicators of





global economics. So much so that a fast growing international body of individuals, businesses, financial institutions and even governments reference daily NYMEX oil prices. Prices essential to their financial affairs. And integral to well-informed decision making.

What's more, their significance is further substantiated by the volume of oil futures trading. And by the reputation of the exchange in which this trading takes place.

The global energy forum. NYMEX is the world's single largest energy forum. Currently NYMEX futures and options contracts are trading at an annual rate equivalent to 20 billion barrels of oil.

In addition to its preeminent position in the global energy market, NYMEX is also one of the world's largest futures exchanges. In fact, recent volume statistics show NYMEX energy contracts surpass U.S. futures and options trading in precious metals, foreign currencies, even equity indices

Such volume firmly establishes daily NYMEX oil prices as leading indicators of the world's economy. And clearly demonstrates why the price of oil impacts everyone's business.

So, stay current. Check the wire services or newspapers for daily NYMEX oil prices. Then to learn more about NYMEX, call 212-938-2213, or NYMEX London 01-930-1900.

#### INTERNATIONAL BUSINESS MACHINES CORPORATION NOTICE OF REDEMPTION

6-3/8% Exchangeable Subordinated Debentures Due 1996 Exchangeable for Capital Stock of Intel Corporation Redemption Date November 10, 1987 **Exchange Privilege Expires at the Close of Business** 

on November 9, 1987

October 10, 1987
To the Holders of 6-3/8% Exchangeable Subordinated Debentures Due 1996:
International Business Machines Corporation, a New York corporation (the "Company"), has called for redemption on November 10th, 1987, all its outstanding 6-3/8% Exchangeable Subordinated Debentures Due 1996 (the "Debentures"), pursuant to Section 7 of the Terms and Conditions of Debentures. The redemption price is 105% of the principal amount of pebenture plus interest accrued to the redemption date (or U.S. \$5,470.47 for each U.S. \$5,000 principal amount of Debentures). Holders of Debentures may, at any time prior to the close of business on November 9, 1987, exchange their Debentures for shares of Capital Stock of Intel Corporation ("Intel Capital Stock ") pursuant to Section 4 of the Terms and Conditions of Debentures.

The following alternatives are available to the holders of Debentures:

The following alternatives are available to the holders of Debentures:

(1) Holders may exchange their Debentures for shares of Intel Capital Stock in accordance with the provisions of the Debentures. Intel Corporation has declared a 3-for-2 stock split in the form of a stock dividend payable on October 28, 1987, to stockholders of record on September 28, 1987. The Debentures are currently exchangeable at a price of U.S. \$38.50 principal amount of Debentures for each share of Intel Capital Stock, equivalent to 129.870 shares of Intel Capital Stock per U.S. \$5,000 principal amount of Debentures. On and after October 28, 1987, the Debentures will be exchangeable at 194.805 shares per U.S. \$5,000 principal amount of Debentures. On and after October 28, 1987, the Debentures will be exchangeable at 194.805 shares per U.S. \$5,000 principal amount of Debentures, equivalent to an exchange price of approximately U.S. \$25.67 principal amount of Debentures for shares of Intel Capital Stock As a result of the foregoing, holders of Debentures submitted for exchange who receive certificates for shares of Intel Capital Stock issued prior to October 28, 1987, will receive a certificate for a number of full shares, so that such holder will receive an aggregate number of full shares based upon the adjusted exchange rate of 194.805 shares per U.S. \$5,000 principal amount of Debentures, and a due-bill for an additional number of full shares, so that such holder will receive an aggregate number of full shares based upon the adjusted exchange rate of 194.805 shares per U.S. \$5,000 principal amount of Debentures will represent a number of full shares based upon the adjusted exchange rate of 194.805 shares per U.S. \$5,000 principal amount of Debentures will represent a number of full shares based upon the adjusted exchange rate of 194.805 shares per U.S. \$5,000 principal amount of Debentures instead for interest on the Debentures or ash dividends on Intel Capital Stock. No fractional shares of intel Capital Stock will be issued upon e (2) Holders may sell their Debentures on the open market.

(3) Holders may surrender their Debentures for redemption at the redemption price of 105% of the principal amount of the Debenture plus interest accrued to the redemption date. Interest will cease to accrue on the redemption date.

Exchange Privilege

Pursuant to Section 4(b) of the Terms and Conditions of Debentures, Debentures to be exchanged must be surrendered (in the case of a Bearer
Debenture, together with all unmatured coupons appertaining thereto or, in lieu of any missing unmatured coupons, funds equal to the aggregate face
amount of all such missing coupons) during regular business hours at the office of the Registrar or any Transfer Agent referred to below (or, in the case
of a Bearer Debenture, only at the office of a Transfer Agent), by the close of business on November 9, 1987. The London office of Chemical Bank has
been designated as an additional Transfer Agent for purposes of accepting Debentures surrendered for exchange. THE EXCHANGE PRIVILEGE FOR
BEARER BONDS EXPIRES AT THE CLOSE OF BUSINESS ON NOVEMBER 9, 1987, AT 5 PM LONDON TIME, AND FOR REGISTERED BONDS AT 5 PM NEW YORK TIME ON THE SAME DATE.

Debentures surrendered for exchange must be accompanied by a written Exchange Notice stating that the holder elects to exchange such Debentures and also stating the name or names (with address and tax identification number to the extent required) in which the certificate or certificates for shares of Intel Capital Stock deliverable upon such exchange shall be issued. Registered Debentures surrendered for exchange must be accompanied by proper assignments thereof to the Company or in blank for transfer.

Pursuant to Section 4(b) of the Terms and Conditions of Debentures, the Company will, as promptly as practicable after receipt of the Exchange Notice and surrender of Debentures in proper form for exchange, deliver or cause to be delivered to the surrendering holder, at the office of the Registrar or Transfer Agent at which the Debentures were surrendered, a certificate or certificates for the shares of Intel Capital Stock deliverable upon exchange, together with payment for any fractional shares and, if necessary, a due-bill with respect to shares of Intel Capital Stock deliverable as a result of the 3-for-2 stock split described above. Notwithstanding the foregoing, holders may elect, pursuant to the Exchange Notice, to receive delivery of such stock certificates, due-bills (and stock certificates in respect thereof) and payments by mail. Any such delivery effected by mail shall be at the risk of the holder.

The closing sale sale sales of latel Capital Stock or reported by NASCIAC on Orthogr 5, 1987, we have 501 ONC ACTUIC MADVICT.

The closing sale price of Intel Capital Stock as reported by NASDAQ on October 6, 1987, was U.S. \$60.75 per share. SO LONG AS THE MARKET PRICE OF INTEL CAPITAL STOCK EQUALS OR EXCEEDS U.S. \$42.125 PER SHARE (OR U.S. \$28.125 PER SHARE AFTER OCTOBER 28, 1987, REFLECTING THE 3-FOR-2 SPLIT REFERRED TO ABOVE), A HOLDER OF DEBENTURES WHO EXCHANGES SUCH DEBENTURES WILL RECEIVE INTEL CAPITAL STOCK WITH A MARKET VALUE, PLUS CASH IN LIEU OF FRACTIONAL SHARES, GREATER THAN THE AMOUNT OF CASH THAT THE HOLDER WOULD RECEIVE UPON REDEMPTION.

Redemption
Pursuant to Section 7 of the Terms and Conditions of Debentures, the Company's option to redeem the Debentures prior to March 1, 1989, is subject to the condition that the market price of the Intel Capital Stock is at least 130% of the exchange price, on each of the 30 successive tracking days immediately preceding the fifteenth day prior to the initial publication of the notice of redemption. This condition was satisfied as of September

The payment of the redemption price will be made (i) in the case of a Bearer Debenture, at the main office of the Fiscal Agent in London, or, subject to applicable laws and regulations, the office of any Paying Agent referred to below, and (ii) in the case of a Registered Debenture, at the principal corporate trust office of the Fiscal Agent in New York or, subject to applicable laws and regulations, the main office of Banque Internationale a Luxembourg referred to below, upon presentation and surrender of the Debentures to be redeemed (in the case of a Bearer Debenture, together with all unmatured coupons appertaining thereto).

FISCAL AGENT AND REGISTRAR Chemical Bank, 55 Water Street, New York, New York 10041, United States London Office of Fiscal Agent, Chemical Bank, Chemical Bank House, 180 Strand, London WC2R 15X, England

PAYING AGENTS Chemical Bank, 85 Avenue Marceau, 75783 Paris, France Chemical Bank A.G., Ulmenstrasse 30, 6000 Frankfurt am Main 17, Germany Chemical Bank, Freigutstrasse 16, CH-8039 Zurich, Switzerland

PAYING AND TRANSFER AGENTS Chemical Bank, Chemical Bank House, 180 Strand, London WC2R 1EX, England Banque Internationale a Luxembourg, 2 Boulevard Royal, 2953 Luxembourg Ville, Luxembourg Kredietbank N.V., 7 Arenbergstraat, 1000 Brussels, Belgium

# Judges without mystique

By A. H. Hermann, Legal Correspondent

THE WEATHERMEN can predict showers, rain, and sunny intervals fairly acccurately; the No sooner had Lord Hailsham week. This makes an extra Stock Exchange analysts can point out an over-valued company or two; a good lawyer will warn you of the twists and pitfalls in contracts and litigation. by making most cases start in But no one seems able to predict a huricane, a Black Monday or to see that the present the High Court. There was no way of containing and product and the circuits. day - or to see that the present way of appointing untrained judges to positions of almost absolute power will one day give way to a storm of popular dis-

English judges are the recipi-uts of unmerited abuse and unjustified compliments. They are treated as symbols of an all-powerful but incomprehensible force which is not susceptible to the standards of rational analysis applied to all other public institutions," writes David Pannick, Barrister and Fellow of All Souls, in the introduction to his book, Judges, published a fortnight ago. And he concludes: "We need judges who are not appointed by the unassisted efforts of the Lord Chancellor and solely from the ranks of middle-aged barristers. We need judges who are trained tible to the standards of ratio-We need judges who are trained for the job, whose conduct can be freely criticised and is sub-ject to investigation by a Judicial Performance Commission; judges who abandon wigs, gowns, and unnecessary linguis-tic legalisms; judges who wel-come rather than shun publicity for their activities."

for their activities."

Reviewing the book on televi-Reviewing the book on televi-sion last week, Lord Denning ju-diciously and impressively presented the author's criti-cism, arguments and proposals. A nationwide audience listened enthralled, assuming the great oid man or English justice to be on their side, but he soon disenchanted them: David Pannick ing reform proposals. It would was wrong, wrong, wrong Leave the judges as they are, he said. Lord Denning, the great reforming judge, who spent a lifetime on the bench fighting the Law Lords and other of his Tainthearted brethren over issues. old man of English justice to be on their side, but he soon disen-

cial protests against any reform ministrative manpower and re-which would replace the habits, sources, he said, explaining convention and mystique of the later in his speech that "the long judiciary with reason, transparterm solution is more courtency and critical evaluation of rooms."

Not that Sir John had not give

judges.
No sooner had Lord Hailsham retired than Lord Lane, the Lord Chief Justice, warned his successor not to 'emasculate the High Court and the Circuits need to link the High Court and the county courts in one organi-sation. In Lord Lane's view all that was needed was to build more law courts in the Strand, to appoint more High Court judges, and to bring the organi-sation of the courts to the stan-dard of the Commercial Court.

However, the much praised Commercial Court much praised Commercial Court procedure looks advanced only in comparison with other parts of the High Court. It is still unbelievably slow. The present waiting times was comparate for a la manthe for a slow. The present waiting times range from 12 to 18 months for a three day case, to three years and three months for a 6 week case. There are, in fact, cases where the judges sit for 6 weeks listening to interminable and

bers on different days of the week. This makes an extra courtroom available for the use of two-judge court hearing ap-peals which do not last for more than a day. Sir John has also done much to speed up the hearings and assures the public that his court will continue to adopt an interventionist policy designed to concentrate the minds of the parties and their lawyers on the need to make speedy progress with appeals. However, there are limits to what can be achieved in this way, concluded Sir John: if the court is to provide a speedier

measures are taken to reduce the number of appeals coming before the court.

Sir John deserves every sup-port in his efforts to persuade the Bar and the solicitors not to encourage parties to make hopeless appeals. If he does not succeed it may be necessary, as he suggests, to make all appeals

service more judges will have to be appointed and more court-rooms made available, unless

#### If judges sat in two shifts, there would be no need to build new courtrooms

often superfluous evidence and

However. Lord Justice Parker's and Lord Lane's were only warning shots. This became clear when Sir John Donaldson, the Master of the Rolls, present ed his review of the legal year 1986 to 1987. He went immedithearted brethren over issues of law, remains loyal to the judiciary, warts and all.

Disappointingly, though not unexpectedly, Lord Denning of the Lord Chancellor is to prothus joined the chorus of judicial protects against any referrance.

dependent on the granting of leave. As the business of the courts escalates, more judges may also have to be appointed, but there remains an unexplored possibility to obviate the need for further building ex-

pansion on the Strand. pansion on the Strand.

The judges of the Supreme Court - the High Court and the Court of Appeal - sit normally from 10.30am to 1 pm and again from 2pm to 4pm in the afternoon. This of course is not their entire working day, they also spend many hours studying papers and writing judgments in their rooms. This means that their rooms. This means that courtrooms are used for only 4½ hours in every 24 hours. Any factory manager would be ashamed to use valuable plant for such a small fraction of the day. Two shift sittings seem to be the obvious solution. One judge or one bench of judges, could sit in the courtroom from judiciary with reason, transparency and critical evaluation of its performance.

Not that Sir John had not giver on the review of civil justice was even started by Lord Hailsham, Lord Justice Parker dismissed it in his Denning lecture, saying that all that was necessary was more term solution is more court-comfrom could sit in the courtroom from 9am-130pm and another judge, or bench of judges could use the same courtroom from 1.30pm. Even with half an hour's break in the middle of these sittings each judge could sit for a same courtroom from 1.30pm. Even with half an hour's break in the middle of these sittings each judge could sit for a same courtroom from 1.30pm.

this half an hour could be essily saved by concentrating the minds of the parties and of the lawyers on cutting out unnecessary waffle - in line with the in-tentions of the present Master

Another question which does not apply so much to the Court of Appeal as to the Family Divi-sion of the High Court and to the Commercial Court, and even more so to criminal courts when hearing the evidence of children or dealing with juveniles, is whether it would not often be better, if instead of sitting on an elevated beach the judges took off their wire and sat with the off their wigs and sat with the parties and witnesses round a table. Even if there were seats provided for the public, such arrangment would be possible in smaller and less elaborate

courtrooms. Having thus solved the problem of courtrooms, let us now turn to Sir John's constitutional turn to Sir John's constitutional objection to the Lord Chancellor's interference. He seems to interpret the constitutional independence of the judiciary as including not only its independence in deciding disputes according to law, but also in every operational way. Thus questions of procedure, of listing of cases, of speed with which matcases, of speed with which mat-ters are disposed of and of course also sittings, vacations and utilisation of courtroums should be left to the judges -who mostly differ from Sir John in their complete lack of mana-gerial talent.

A similar discussion took place in the United States before 1930, when the responsibility for the administration of federal courts was taken away from the Department of Justice and entrusted to a newly created Administrative Office of the US Courts. In deference to the con-stitutional doctrine of separation of powers, this office was constituted as a part of the judi-

constitutes as a part of the judi-cal branch of government.
This system can hardly serve as a model for the UK. Its ad-ministrators work in parallel with chief clerks and are mainly concerned with budget and computerisation. A combination of a Ministry of Justice and a Judicial Commission able to select judges from a wide circle including barristers, solicitors and academics, providing for their training and refresher courses, would be much better. It could be the beginning of a career judiciary in which young judges could start in county courts with a law lord's wig in their briefcase

# **NZI Corporation Limited**

#### Results for the year ended 31 March, 1987

	YEARS ENDED 31 MARCH		
	1987	1986	
	NZ\$000	NZ\$000	
Operating Revenue	2,017,160	1,304,892	
Consolidated Net Earnings	145,311	85,245	
Total Assets	6,225,392	5,699,694	
Shareholders' Funds	756,347	495,205	
Earnings Rate on Average			
Shareholders' Funds	23.5%	19.0%	
Earnings per share	23.5cents	21.3cents	
Dividends per share	10.5cents	9.0cents	

Extracts from the Chairman's Address to the Annual General Meeting held in Auckland on Monday, 10 August 1987,

"NZI Corporation is the first New Zealand private sector Company to obtain long-term credit ratings in the United States. The rating from Standard and Poors was A+ and A2 from Moody's Investor Services."

"Our major banking presence is in New Zealand and Australia, but we also have operations in London, Toronto, Hong Kong and Singapore and believe that our presence in these markets significantly enhances our capability as a bank for our New Zealand and Australian customers."

"Over the same period as we have achieved successful diversification into corporate and investment banking we have substantially restructured and strengthened our long-established insurance business. The Board is determined to maintain the momentum that has been built up, and to realise the potential that lies in NZI's now broad financial services base."

"In the interests of keeping the market and shareholders better informed, NZI Corporation will report interim results quarterly, commencing with the June 1987 quarter."

Copies of the Annual Report and Accounts may be obtained by writing to Public Affairs Department, NZI Corporation Limited, PO Box 3476, Auckland 1, New Zealand.

# Quality manners & morals

Manners and Morals is at the Tate Gallery until January, its title glossed as Hogarth and British Painting 1700-1760. Queen Anne indeed dominates the first room; a superbly baroque standing figure, swathed in a glamourous swirl dark blue velvet and ermine. Plumply benign, wet indult. Plumply benign, yet indubi-tably regal, she presides within

unknown to most other than specialists; but one is the most specialists, but to be is the most satisfactority regal portrait, and the other the most satisfactority unregal one, of any British monarch between Charles I and George IV. Though the later one was unauthorised (but its not a caricature), the two mark the beginning and the end of the exhibition most happily.

Comparable felicities by obscure names will be found all through this exhibition, alongside the pleasures of a recognition of fine examples by famous names, from Sir

January, its mandant of British portraiture for 50 years till his death in 1700-1760.

If a superbly Reynolds, Gainsborough, Romong figure, ney, And in the middle, of course, Hogarth.

naturally, children, some frien dogs, casts, horses, pa some interior with rings, are paraded for speak in its own terms without being stunned by hammer blows of expository dogma. It shows of expository dogma. It sho The theme is presented in very general terms in the catalogue by the organiser, Elizabeth Einberg, and the show mercifully, aided by sensitive hanging, allows quality to speak in its own terms without being stunned by hammer blows

have something in common with inventories; the family is posed inventories; the family is posed across the foreground much as in early studio photographs of groups, facing camera, stiff-jointed, all together but each isolated—conversation in fact is conspicuous by its absence. Themselves, in their best clothes naturally, and their children, some friends perhaps, dogs, cats, horses, park or handsome interior with rich furnishings, are naraded for display.



"The Graham Children" by William Hogarth, 1742

"The Graham Children" by William Hogarth, 742

"The Graham Children from bistory set This you can be after firelace to the fire

#### A Lie of the Mind/Royal Court

#### Michael Coveney

ector, Will Patton, whom I last saw slamming himself around a desert motel room in Geraldine McEwan as Jake's Shepard's Fool For Love off-Broadway. His obsessional quest for the battered Beth takes him on a circuitous route casting shows an actress intriguing.

Increasingly, Shepard's work examines the tensions between the pull of the landscape and the need to stay home. As Richard Gilman has said, "identity" and "roots" emerge as a recurring theme. But never in any predictable or classifiable manner. Although there is a vibrantly like the policy of the log and ends up in the enclosing vice of his fully restored. or classifiable manner.
Although there is a vibrantly touching conclusion to this piece, there is no formal struc-ture, nor does it conform to what you would expect of a play. We can leave that sort play. We can leave that sor, of function to A Man For All Seasons.
Simon Curtis's production

places Jake in front of a mid-West vista of field, dog. car and West vista of field, dog, car and house. The arty evocation of Andrew Wyeth is a mistake. Shepard can create his own outlines. This silk-screened blow-up designed by Paul Brown opens to reveal Beth (Miranda Richardson) jabbering her way back to sensibility, tutored and encouraged by her brother Mike (Paul Jesson). Beth's aphasia is equivalent

to Jake's chronic amnesia. Like so many characters in Shepard. so many characters in Shepard, they must shake themselves alive, have the past reconfirmed, the present electrified. Jake has objected to Beth's work as an actress. She wears high heels, becomes other people and is therefore unfaithful.

Sam Shepard's A Lie of the pioneer remnant who is all gun Mind at the Royal Court is a and mouth, considerate but with Mind at the Royal Court is a and mouth, considerate but with bulging, merciless domestic a funny way of showing it. Her mother, Meg (Deborah Norton), is a fusing quiletist who meets californian Jake has badly beaten up his wife Beth who has returned home to Montana. He thinks she's dead.

Jake is a lycanthropic angry howler under the moon, played by a compulsive American actor. Will Patton, whom I last preciously funny and well-obpreciously funny and well-ob-served performances. Geraldine McEwan 25 Jake's mother is hung a little uneasily

quest for the battered peth takes him on a circuitous route to his boyhaod bedroom, jumbled memories of his father, renewed antipathy towards his mother.

The third act exchanges of dynastic postalgia and fareweil (beautifully occumented by Rudi Davies's

ing vice of his fully restored sister-in-law. That journey of recovery is spectagularly under-taken by Miss Richardson, progressing from gibbering psychic wreck, bruised and bandaged, to lubricious mane-ater via the most interesting of her altered states, that of a shamanistic

states. that of a shamanistic idiot in a lumberjack's voluminous check shirt.

Perhaps we lose sight of Jake for too long, but Mr Patton makes up for the absence with a haunting final appearance as a medallioned veteran of mud and nightmare, dragging himself across the cheerless terrain in underpants and less terrain in underpants and the American flag. In tracking down Beth he has answered his own most pressing question. "Where were we before?" Memory loss, wilful and indicted in the respective cases of Jake and Beth, has been replaced with the agony of pay-

alive, have the past reconfirmed, the present electrified. Jake has objected to Beth's work as an actress. She wears high heels, becomes other people and is therefore unfaithful.

Most stage rows are refined unfaithful.

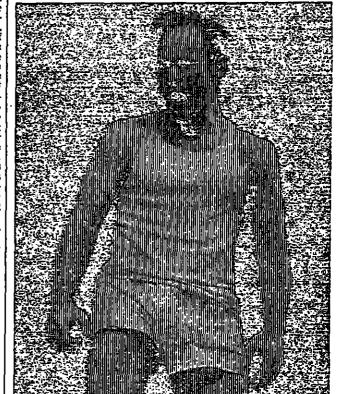
Most stage rows are refined beyond these points of rough, raw contact. The problems are tand Shepard here writes comedy sharper than that informing the more classical of his own tragic constructs as Curse of the Sterving Class or Buried Child.

Some of this confessional Scab-picking is underprined with the agony of paying dues to the past.

Some of this confessional stab-picking is underprined with the atmospheric whining of a folk trio on guitars and violin. The musicians amble around the stage like importunate gypsies, teasing the play out of the actors but not really disguising the problems caused by the split level design.

The stage picture also makes and abandoned car, a familiar item in the Shepard stage iconography but also, perhaps.

Buried Child. iconography but also, perhaps,
Beth's father, Baylor (Tony a reference to the disputed fate
Haygarth) is a deer-nabbing of the one missing parent.



#### Will Patton

#### Grace and Glitter/The Place

Clement Crisp

There is a programme note by Emilyn Claid, Extemporary's director, and co-author of the piece with Maggie Semple, which is a daunting essay in self-justification: it speaks of "a general concern for issues of race, class and gender" but these are notably absent from the show we saw last night at The Place.

The stage setting resembles a derelict furniture store, littered with a detritus of chairs, lamps, refrigerators, and with seven is a programme note the ebullience of her style.

I found an almost aggressively parodistic air to much of the evening. More curious sively parodistic air to much of the evening of th

tered with a detritus of chairs, lamps, refrigerators, and with a couple of life-size models of elderly women rather after the fashion of George Segal. Two musicians, Sylvia Hallett and Lucy Wilson, are also there to provide an accompaniment on piano, synthesiser, and various other instruments, while some toy-sized male dolls decorate the edges of the dance area as reminders of who's boss in this

Orchestra from the 1988-89 season for three years.

He will conduct 12 concerts, The action, such as it is, make two recordings, and do a reflects a spoken text by Tasha certain amount of overseas Fairbanks of real interest in its work with the orchestra.

#### Paul Berkowitz/Wigmore Hall

#### **David Murray**

Dance Umbrella is sheltering a singularly exasperating piece assumed by women throughout their lives. But the Extemporary Dance Extemporary Dance of Citizen. The idea must initially have seemed a valuable one: a work by women, about women, benefiting from about women, benefiting from the corporate contributions of its east.

The result, alas, is added, versing upon caricature, when one might have expected pertinent observation and comment, and providing an ill-conceived muddle of posing, minimal dance and maximal platitudes.

There is a programme note by Emilyn Claid, Extemporary's director, and co-author of the sides of social and the prediction of the evening. More curious first producting with Maggie Semple.

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There is a programme note by Emilyn Claid, Extemporary's director, and co-author of the control of the evening. More curious for the control of the evening may be controlled to the evening of th he lent ambiguous depth to cer-tain passages in the Romantic pieces; but his large-scale con-ception of each work was richly filled out.

I doubt that Mozart played his sporty Rondo in D as straight-facedly as Berkowitz did, but the inspired B minor Adagio got a reading of high distinction, its phrases of intimate tragedy set between powerfully accented chords like columns. Again in Schumann's Kreisleriana, if he made little of its air of flickering little of its air of flickering fantasy (the Kreisler in question was not of course the violinist, but a fabulous author) he delivered all the music with persuasive seriousness and warmth, at just tempi and with clean-cut contrasts throughout

#### Royal College of Art exhibition

The Royal College of Art's exhibition 150 Years of British Engineering Achievement will be opened by Prince Philip on November 24.

Sponsored by three leading engineering companies—Balfour Beatty, British Steel and Plasses—the exhibition forms. Plessey—the exhibition forms part of the celebrations to mark

the 150th anniversary of the RCA. Lunchtime and evening lectures will be given by emin-ent engineers throughout the exhibition period (until January 29) and a commemorative book is being published by Academy Editions.

#### Atonement/Lyric Studio

#### **Martin Hoyle**

lady Beth in a seaside northern town. His previously committed wife appears one night, apparently on leave from the mental hospital. She reveals that he has a house, unlived in, which he visits to repaint once a year.
She claims he killed her unborn child. It transpires she
carried out an abortion on her-

In the course of a long night of confrontation and soul-searching we learn that she had already lost a child; that Beth is a lonely divorcee whose children ignore her; that Danny visited prostitutes whom he described to his weeping wife:
that she set fire to quilts and
bible readings. "Hell, Danny,
what else is there?" demands
his long-suffering landlady, a seaside landlady,

sistencies and reflect that the impetus depends mainly on long reminiscent monologues. As it is, some fine perform-ances help us keep our patience,

though Lorcan Cranitch never makes it plain why his snarlingly graceless Danny should inspire such adoration. Sarah Neville carries us with her as the wife, impassioned, intense, unexaggerated, even when crawling, screaming, round the floor of Bernard Cuishaw's set. Annabel Leven-ton's blend of lived-in ton's blend of lived-in sensuality, sad inteligence and dignified resignation are making her the Simone Signoret of the British theatre, and an object lesson in the dangers of being

# Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theetra/ Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

#### October 16-22

#### **Exhibitions**

LONDON

The Tate Gallery. Turner in the new Clore Gallery. The Turner Bequest, which amounts to nearly 300 oil paintings, finished and unfinished. and a further 19,000 or so watercol-ours and drawings, has been a

GLENLIVE

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source of controversy and dissension ever since it came into the nation's hands more than 130 years ago. Turner had always wished for a gallery to himself which would show all aspects of his work. Whether he would have approved of James Stirling's extension to the Tate as a suitable setting is a nice question. The larger paintings may be hung too low for one who lived in a more os-

as on the audience.

Menuhin conducting

Yehudi Menuhin has agreed

to become the principal guest conductor of the English String

THE FIRST **GEORGIAN MALT** WHISKY. The first British monarch

> known to drink malt whisky was George IV, said to drink "nothing else" but The Glenlivet. Today, Scotland's first malt whisky is also first choice in London.

Scotland's first malt whisky. -

tentatious age, and the tasteful oat-meal Stirling has decreed for the principal galleries is a far cry from the rich plum he is known to have preferred. The vulgar neo-deco of the entrance hall has little to recom-ment it. But girth recome for paint. mend it. But eight rooms for paint-ings and one for watercolours give room enough, and with the three reserve galleries upstairs, every paint-ing but the few in restoration or on

Bibliotheque Nationale: Fine Prints in France from the 18th to the 19th Century. More than 200 impressions of exceptional quality from the print department of the Bibliothèque Nationale show the infinite possibilities of activities and the properties. tonale show the infinite possibil-ties of artistic expression through varied techniques of printmaking. The panorama ranges from early engravings showing strong Flemish, German and Italian influence to the majestic Grand Siècle style under Louis XIV, from Boucher's pastal-hund suffers originate to the motihued sujects galants to the moderaity of Toulouse Lautree and the striking colours of Bonnard. Bibliothèque Nationale, Galerie Mansart, 58 rue Richelieu. Ends Nov 2.

or the Keneleu, knot nov 2.

Fragonard: The Grand Palais is staging the first retrospective of Fragonard in collaboration with the Metropolitan Museum, New York.

About 100 paintings and as many
drawings celebrate the artist's love
of beauty in which he saw a maniof beauty, in which he saw a mani-festation of "nature's perfect bealth". The depth of observation in his Roman landscapes, mythological scenes and portraits counterbal-ances the decorative facility of the Scenes Galantes so typical of the 18th century. Grand Palais. Ends

Arteurial presents a panorama of 12 years of its activities in favour of contemporary art as a gallery, a library and as an editor of "multiple brary and as an editor of "multiple originals" of statues and jewels, contemporary furniture, Sonia Delaunay's personal dinner plates and a 1930 carpet. The gallery's exhibitions have tried to present the image of the 20th century. Sonia Delaunay was followed by Giorgio de Chirico, Zadkine's retrospective by Man Ray photographs. There was sculpture by Chadwick and the art of the poster by Matisse. All culminated in a homage to the late President Pompidou – like Artcurial a lover of the avant-garde. Artcurial a lover of the avant-garde, Artcurial, 9 Ave Matignon (4299 1616). Ends Nov

Corbusier: The Centre Georges Pompi-dou celebrates the centenary of the birth of Le Corbusier with an exhibition on its fifth floor which gives a global view of the man and his work; more than 60 models of buildings - 15 of them originals - together with drawings and photographs of his main projects, illustrate his controversial architectural concepts. There is also a reconstruction of an apartment from l'Unite d'Habitation de Marseille, an apartment built and furnished by the artist whose revolutionary motto was "L'utile n'est pas le beau". Closed Tues, ends Jan 3.

Francis Becon is showing four trip-tychs among the 11 canvasses paintd between 1984 and 1987. There is a self-portrait, a builfight and a sober-ly dressed President Wilson next to Trotsky's study - full of blood, need less to say. The artist who finds abstruction utterly boring continues to torture and distort the human fig-

Prancis Bacon: for his return to Paris,

ure. Galerie Lelong. 13 Rue de Te-heran (4563 1319). Closed lunch-times and mornings Saturday and times and mornings Sunday. Ends Nov 22.

conn. Rheinisches Landesmuseum, Colmantastraße 14-16: Sculpture from the German Democratic Repu-blic (East Germany). A result of the cultural agreement of May 1986 be-tween East and West Germany, this sub-likition includes 120 completions exhibition includes 130 sculn some of them larger than life, and about 60 paintings of sculptures by 51 artists, and covers four decades. It offers a view of graphic works that have not even been seen in East Germany before. Among the artists are Gustav Seitz, Fritz Cremer, Werner Stotzer, Hermann Glock-ner, Waldeman and Sabine Grzimek, Ingeborg Hunzinger and Fran-ziska Lobeck. The show will be in Bonn until October 18 and then to Munich (Staatsgalerie moderner Kunst, Nov 5-Jan 3) and Mannheim (Stadtische Kunsthalle, Jan 23-Feb

Barcelona: "Leonardo da Vinci. Nature

Studies 50 drawings on loan by the Royal Library at Windsor Castle, shown recently at the Metropolitan Museum, Stockholm and Tokyo. Centro Cultural La Caixa, Paseo de San Juan 108. Ends Nov 8.
Madrid: "Beuys, Klein and Rothko.
Transformation and Prophecy".
Centro Cultural de la Caixa, Serrano
60. Ends Nov 8.
Madrid: "Ouka Lele 1977-1987". A ret-

rospective of Madrid's "movida," photographer with her colouring effects, shows her latest controversial piece "cibeles" requested by Ma-

drid's town hall, halting the capital city's main square and causing a tre-mendous traffic jam last summer. Museo Espanol de Arte Contempor-aneo, Avda Juan de Herrera. Ends

Madrid: "Mark Rothko 1903-1970". 54 works by North American artist of

Russian origin grouped with de Kooning and Pollack. This show was seen recently at the Tate in London. Fundacion Juan March. Castello 77. Ends Jan 3. **NEW YORK** 

fetropolitan Museum: 200 objects from the Age of Sultan Suleyman the Magnificient demonstrate the

wealth and skills at the high point of the Ottoman empire in the sixteenth century through the large se-lection of illuminated manuscripts, the imperial wardrobe, ceramics and jewel-encrusted weapons, Ends WASHINGTON

## ern Sculpture, the Patsy and Ray-mond Nasher Collection, contains

major works by Rodin, Picasso, Ma-tisse, Gabo, Giacometti, Ernst, Moore and Serra, Ends Jan 3. CHICAGO Art Institute: Walker Evans photographs of the 1930s showing poverty and despair in the American South were famous in their time in Life

National Gallery: A Century of Mod-

Magazine and preserved in James Agee's moving book, Let Us Now Praise Famous Men. This exhibit is a reminder at a time of renewed despair in the American heartland of the scope and depth of Evans' work originally done for the Farm Security Administration. Ends Nov

#### Saleroom/Antony Thorncroft

#### Art market pros and cons

panic on the world's stock exchanges—so far. The received wisdom is that the boom in art prices over the past two years owes much to the money being made from the spiralling stock markets, and general business profitability, and a collapse in share prices should lead to problems for the auction business. Against this there is houses. Against this there is a lot at a Sotheby's stamp the attraction of some art mat-kets as safe homes for spare private collector and just

tive investment in uncertain times is a concept with some credibility, while the im-poverishment of potential buyers of Impressionist paintings remains to be proved. Sotheby's actually managed two records in jewels and stamps, two of the favourite bolt holes when conventional investments look jaundiced.

Porter-Rhodes diamond, a single stone which over time Kimberley in 1880, It had Foujita,

The art market seems to have belonged to the second Duke of escaped unscathed from the Westminster and the Maharaja of Indore and now belongs to the London dealer Laurence Graff. The sale of £15,871,197 was another North American record for a jewel auction. In London yesterday Sotheby's

sold the set of 1910 die proofs of the Rhodesian Double Heads of King George V and Queen Mary for £78,100, a record for cash seeking an alternative investment opportunity.

The evidence from yesterday suggests that art as an alterna-Double Heads. Christie's South Kensington

was selling antique arms and armour and got a good price of £75,000 for a very rare composite Mamluk armour of around 1500, bearing the St Irene (Constantinople) arsenal mark. A helmet produced around 1515 in Innsbruck by In New York on Tuesday the the brothers Konrad and Hars Seusenhofer which had been on display in the Royal Armouries has been whittled down to 54.99 at the Tower of London for the carats of perfection, sold for past 16 years sold for £30,000. \$3.85m (£2.29m), which was a Sotheby's also disposed of Sotheby's also disposed of record for a single jewel sold second division Impressionist in the US. The stone was con-works of art for £1.372,635, with

sidered the finest diamond ever 26 per cent unsold. The top discovered in South Africa price was £57,200 paid twice, when it was unearthed in once for "La Hume" by

#### **FINANCIAL TIMES**

BRACKEN HOUSE, CANNON STREET, LONDON EC4 P4BY Telegrams: Finantimo, London PS4. Telex: 8954871 Telephone: 01-248 8000

Thursday October 22

geared balance sheets, which

means that the decline in the BP share price could have a dis-proportionate impact on their

capital base. But it would be surprising if those who partici-

pated in the BP sub-underwrit-ing on their own account had taken aboard a risk that was sig-nificant in relation to net worth.

Far more exposed are the for eign investment banks responsi

ble for underwriting the inter-national part of the issue. In an

American-style underwriting the investment bankers do not parcel out the risk to sub-under-

parter out the risk to sho under-writers, but sell the stock di-rectly after heavy marketing be-fore the sale. The international names of the BP issue are, how-

ever, among the best (and best capitalised) in the business. In relation to their profits and cap-ital, the potential book loss on

the shares is probably not great. If any of them do ultimately run

into financial difficulty, it would be as a result of a combi-

nation of circumstances, rather

than specific losses on BP

The more immediate risk is

that the international houses' waning enthusiasm for the issue

will cause a high proportion of the BP shares to flow back to

London, which would clearly be unhealthy for the domestic mar-ket. But it is the task of the is-

find their way into firm bands.

If nothing else, the saga serves to show that the fre-quently criticised British is-

suing system has its merits - at

least in the extraordinary cir-cumstances of the past week. This is not the first time BP

cient in terms of the demands it makes on bank capital can be

seen to have advantages. The irony is that the old-fashioned British scale of underwriting

fees was abandoned in this in-

stance in favour of a more slender reward. But with dealings

in the shares not due to begin

Bank capital

# Bloodshed at BP

THE POSSIBILITY that the forthcoming British Petroleum share offer will prove a flop after the Stock Market slide this week is causing a fair measure of unhappiness in both the domestic and international financial communities. But the fact that the sub-underwriters may have to take up a large chunk of the £7.2bn issue is scarcely a reason for preventing the show going on the road.

The purpose of underwriting in the capital markets is, after all, to provide a safety net against precisely the circumstances that have arisen since panic overtook Wall Street last Friday. To that extent, the Treasury's decision to press on regardless, while cancelling the television advertising campaign aimed at private investors, is reasonable enough. But it is important to recognise that there could be uncomfortable wider

In the absence of a dramatic recovery in the BP share price, private investors can be expected to shun the offer. It remains to be seen whether their longer term appetite for share ownership has taken a knock. There must be a possibility that many will feel that the Government's approach to private share sales, complete with subsidies from the taxpayer and frothy advertisements, amounted to a mis-leading prospectus for popular

#### Pension funds

Either way, more institutional money will probably have to be committed to BP than originally envisaged, which means less funds are available to underpin prices in the rest of the secondary market at a time of worrying financial instability. And there is also a question about how far the sub-underwriters' potential losses on their BP shares could losses on their BP shares could weaken the banking and securities systems, which, in London, have become more closely linked, since Big Bang.

The greater part of the sub-underwriting in Britain has been undertaken by ungeared institutions, such as insurance companies, pension funds, and unit trusts. Their capacity to ab-sorb loss is considerable; and, in the case of most pension and in the case of most pension and for more than a week, it is too insurance funds, actuarial valuations of the assets pay little attention to short-term market or, indeed, on how capital ade-

alues. quacy rules are standing up to In contrast, the banks have the test of the market slide.

UK Prime Minister, ponders on expert advice about broadcast-ing, she might well take heed of a view expressed 10 years ago in the ambitious Annan Report on the Future of Broadcasting. It included the suggestion that the impact of the home video recorder would be insignificant. The Independent Broadcasting Authority (IBA) dismissed it up as a technology that would appeal to only the minority that is acutely choosy in its attitude to broadcasting and can afford the equipment which makes it possible to be choosy." Today more than half British households with television pos-

AS MHS Margaret Thatcher, the

sess a video cassette recorder (VCR), an outcome which exemplifies the hazards of seeking expert advice on the future of the media.

In 1979, the head of engineering information at the IBA. Mr Boris Townsend, played a joke on delegates at an international video disc conference - demonstrating a "prototype" video camera cassette recorder (CCR). A video recording was made on A video recording was made on the platform, using a cable-free camera small enough to be held in one hand. The camera was really an empty box and the recording played back later had been made on professional equipment hours before the conference. To make it more credible, the recording was smothered with picture noise and break-up. No one in the distinguished audience would otherwise have believed what then seemed the impossible.

Only eight years later, CCRs are actually being used for broadcast transmissions - free of the faults used to disguise Mr Townsend's fake. One Danish

Townsend's fake. One Danish cable television station even uses 8mm video CCRs as its routine system for programme pro-

duction.

A further step forward, achieving picture quality that will render television receivers the weakest link in the viewing chain, has been made with the recent introduction by JVC of Super VHS, an enhanced ver-sion of the standard in home

video.
The impact of technology on both the television and film in-dustries has now become a cen-Ret. But it is the task of the is-suing house, in this case, N.M. Rothschild & Sons, to address that problem and to ensure that as many shares as possible do

now the odd player in this game of media futurology. On the one hand, it often seems to be a business that is dead but will not lie down. Seven out of 10 British productions never re-cover their original investment and only one in 10 American isting concepts of distribution films recovers its cost in the and choice - albeit with the film shares have been sold domesti-cally on a scale that rivals what Wall Street can handle; or that a system which is relatively effihome market.
On the other hand, cinemas in

the US and Britain are experiencing a buoyant period - July admissions in Britain were up 14.3 per cent over the 1936 fig-

(HDTV), the MAC system for enhancing 625-line television, a programme quality will come new film projection standard of ander attack as these new media try to lower the cost barrier.

24) and the integration of home video with hi-fi audio in the new generation of compact disc video (CDV).

Other, less well publicised developments which as made distribution more efficient has not brought similar the media, film production remains different from television of the business. Film-making at signals for video recording. A ture movie is now more expension is that digenous film production. It is assumed that the film industry can find its own economic balance, helped by the appetite of television and video for its products.

Yet for all the integration of the media, film production remains different from television programme-making - not only in the production, but the film industry can find its own economic balance, helped by the appetite of the products.

Yet for all the integration of the media, film production remains different from television programme-making - not only in the media film production and video film products.

#### FILM AND TELEVISION



# Visions of freedom

By John Chittock

dustries has now decision makers. No one dares to dismiss the latest gismo, afraid not only of loss of face but of an even bigger loss of profits - as some companies suffered when they failed to recognise the potential relation of audiences. Yet the arbeen a slow acceptance by the rival of new technologies has merely served to focus attention that maybe they are in the same business. Broadcasters now in-

industry arguing that on quality grounds the cinema is still the

best place to see a movie.

Others point out that these services do not come with the television licence fee. A price 14.3 per cent over the 1986 figure, with a similar rise in the must be paid for offering the should move - sometimes for public greater choice without a proper cent during the first half of 1987 is being blamed on the boom in video.

There is more to come: direct broadcasting by satellite (DBS), high definition television, high definition television. (HDTV), the MAC system for enhancing 625-line television. a system quality will come ble that the political climate must be paid for offering the should move - sometimes for public greater choice without a proposition in creasons - towards making the stances the cost is in quality public pay more. But such political thinking seems to disregard the financial more consistent quality of cable plight its taxation policies (in its still no match for the cinema. Britain at least) are causing installed that the film industry

total switch to digital could lead sive than ever, and the cost of to data and picture media shartelevision programmes contining a common language and ues to escalate. But the most exmean that our concepts of compensive element of all in produmunication would undergo a cing films or television radical change.

The knock-on effects will invassailable to technology (50 evitably disturb the status quo, per cent of that multi-million-demanding different kinds of pound film budget).

merely served to focus attention that maybe they are in the same on issues that were always fundamental to the media: how to distribute programmes more effectively, how to offer the viewer wider choice and better quality, who pays and how?

Developments such as DBS Association which removed the and cable have challenged existing concepts of distribution bar on the television transmission. bar on the television transmis-sion of feature films - albeit only for films made within a £1.25m budget.

With television viewing now providing the largest audience for films, it is perhaps inevitable that the political climate

commerce represented by film and television - and the mass audiences they can deliver -make the moving picture media irresistible targets for regula-tion, possibly because access

tion, possibly because access has always been in the hands of the controllable few.

But technology is changing this with the camera cassette recorder (CCR) - which could have a far greater impact than the VCR, or even DBS or cable.

Not only will every western household aspire to ownership of a CCR in a regress of the revoof a CCR, in a re-run of the revo-lution in still photography start-ed when George Eastman coined the phrase "you press the button, we do the rest"; but also movie production will become more economic for community, business and political

groups.

As the broadcasters dilute the creative quality of their programmes, the expectations of the public may be more ready to accept such quasi-professional material.

sion screen which hangs on the

living-room wall is now a possi-

created without special receiv

unique selling point

Such programmes are now within the technical grasp of al-most anyone. With VCRs as most anyone. With VCRs as commonplace as washing machines, the means of distribution are also there. Likewise, industry and trades unions are by-passing the commercial systems of television and the planes. cinema - virtually denied them in the past. Independent video is the buzz phrase and, as these programmes acquire a profes-sional style and as broadcasters thirst for cheaper or different material, even the airwaves are

Technology is removing the traditional barriers and blurring the edges that once defined the different moving picture media If the free market economy is to be encouraged in this situation, it may prove very dif-ficult for any government to do the encouraging without accepting the new freedom of speech that the technology brings.

the cinema. In order to survive the cinema in order to salvive, the cinema demands pictorial grandeur - which is why the budgets get higher every year.

Now that HDTV can match the picture quality of film, only two technical obstacles prevent television riowing from electing THURSDAY. television viewing from closing the gap on cinema. One is the limitation on screen size im-posed by the cathode ray tube, with 26-inch screens the largest REVIEW in general domestic use. However, progress is being made to-wards larger, thinner screens based on the technologies of ei-ther liquid crystal display or electro-luminescence. A televi-

A Life in

Peace and War

By Brian Urquhart Weidenfeld & Nicolson; £15.95

BRIAN URQUHART worked for

the United Nations continuous-ly for the first 40 years of its exers or viewing spectacles.
Once these developments enly for the first 40 years of its existence, and in close collaboration with all of the five men who
have so far held the office of
Secretary-General. It was apart from three weeks in the
Foreign Office Research Department - his only civilian job. hance the quality of home view-ing - whether via the airwaves, cable or video - the cinema will be left with only the social ex-perience of the auditorium as a The UN has been his life, and his life has been, to a remarkable extent, the story of the UN.

Now he has written it, in his own unmistakable style: mat-ter-of-fact, unpretentious, de-

unique selling point.

By then - perhaps 15 years hence - the rest of the film and television industries will be one cohesive industry; television will apparently be governed by market forces only, as the film industry always has been; but both will be tethered by more government regulation than any other leisure or information business.

At this point the politicians may face the ultimate dilemma. The mix of art, technology and commerce represented by film terminedly internationalist yet lied unit to unashamedly British; willing to Bergen-Belsen. make allowances for other peo-ple's difficulties yet scathing he had wanted to work for the about those whose vanity and ambition became a difficulty in time experiences clearly help

enjoy the humour of the most appalling situation, and to relish good food, drink and compa-ny whenever they come his way; modest about his achievements, yet grateful when they are recognised, and combative when he feels the efforts of his organisation and his masters have been ignored or misrepresent-

That even includes Kurt Waldheim, a master about whom Urquhart feels very bitter now it has become clear that he lied for forty years about his war re-cord. This, Urquhart says, has done immense damage to the United Nations and to those who have devoted, and in some cases sacrificed, their lives to

Even at the time, apparently, Urquhart and his colleagues "saw Waldheim as two people: Waldheim Mark I, a scheming, waidneim mark I. a scheming, ambitious, duplicitous egomaniac ready to do anything for advantage or public acciaim; and Waldheim Mark II, the statesmanlike leader who kept his head while all about him were losing theirs and was pre-pared to follow our advice in great international crises."

With hindsight, Mark I obvi-ously seems more like the real Waldheim, but Urquhart is still

wanteim, but Ordinari is sun-careful to give Mark II his due-defending him, for instance, against the charge that he mis-handled the Iranian hostage crisis and crediting him with determination and even, on occasion, courage.

This is a very good read, full of hilarious anecdotes. Several of these concern Trygve Lie, the UN's awkward and iraccible first Secretary-General, who turns out to have haunted Geneva nightclubs under the pseud-

va nightchus under the pseud-onym Rodney Witherspoon.

But the high point is Ur-quhart's account of his own or-deal in Katanga, during the

Congo crisis in 1961, when he was badly beaten up and repeatedly threatened with execution by the secessionist leader. Moise Tshombe's "paracomandos".

This must have been acutely unpleasant and very frightening at the time, but Urqubart manages to convey it as a farcical game of one-upmanship from which he emerged the unquestioned victor.

Eventually rescued and driven back to town in Tshombe's own convertible, he "noticed with satisfaction" that he "was bleeding all over the white upholstery," and insisted on being delivered to the American con-sulate so as to be seen by Senator Thomas Dodd of Connecti-cut, who had always proclaimed that Katanga was the only peaceful and orderly place in the Congo." Apparently, when asked by the press how he

was feeling, he really did say better beaten than eaten. Urquhart the man of peace Urquhart the man of peace has gained a certain fame over the years. What may be less well known is that, while still in his 20s, he played a not insignificant role in the Second World War. He was intimately involved in the creation of the first airborne units, and foresaw, and warned against, the results of their disastrous misuse. sults of their disastrous misuse at Arnhem. Before this he had been seriously injured when his parachute failed to open properly during an exercise; and lat-er he commanded the first Al-

to explain both the strength of He emerges as a man ready to his subsequent commitment to work round the clock in acute peacekeeping and his success danger and discomfort, yet never priggish or ascetic; able to enabled him to explain the "grandeurs et servitudes" of pea-cekeeping to battle-hardened professional soldiers

> Urquhart's wartime experiences help to explain his later commitment to peace-keeping

For instance, to the colonel of the French parachute battalion in South Lebanon who insisted on referring to both Major Had-dad and the PLO as "the enemy", and told Urquhart that the "haute direction" in New York did not understand Tesprit des paras"; he was able to reply that I didn't accept the relevance of that remark as far as our task in Lebanon was concerned and that anyway I, as a cerned and that anyway I, as a 'para' who had been involved in the training of the first Free French parachute battalion in 1942, had a fairly good idea of the ald termel'."

the old 'espril'."
Urquhart, like the UN itself, is very much a product of the war. Though he is the first to admit that many of the aspirations he and others had for the UN in 1945 were Utopian fantasies, he has never lost faith in its usefulness as a mechanism for avert-ing disaster - as former Secretary-General Dag Ham-marskjold said, not to bring markind to heaven but to save it from hell.

The task is no less urgent now then it was in 1945. If anything can inspire a new generation of world leaders not to abandon it, it should be the heroic example of pragmatic idealism which Urquhart has set, in his life and

now in his book. **Edward Mortimer** 

# An ill-judged nationalisation

AFTER NEARLY three months of trying to nationalise the banks in Peru, it is clear that President Alan Garcia has bun-

gled the measure. What was intended as a bold move to sustain his heterodox economic policies and recoup political capital has backfired. The nationalisation has proved overwhelmingly unpopular, failing to impress even those on the left. President Garcia has underestimated both the size and the ingenuity of the opposition whose various ploys have at times turned the nationalisa-tion into a kind of national soap opera. The latest move by the aggrieved bank owners bas been to give their employees a fortnight's boliday, further delaying the takeover which is now officially law but still un-der challenge in the courts as

unconstitutional But if one casts aside the comic images of bankers cocking a snook at an angrily impotent president, the underlying note is one of tragedy. If matters con-tinue as they are, Peru will have a discredited president for the latter half of his five year tenure. This is something which a country with grave economic and political problems can ill afford. Furthermore the bank-ing system also risks being seriously weakened by this battle instead of being consolidated, which could have been one of the positive arguments in faveloping country like Peru.

#### Foreign credit

The curious aspect of this saga is that nearly all the damage has been self-inflicted. President Garcia set out to national-Argentina and Brazil, have either talked of privatisation or taken concrete steps in this di-

for nationalisation of the banks anism of President Garcia.

banks were channelling funds abroad and falling to invest adequately. With foreign credit almost drying up as a result of his stance on limiting debt payments to 20 per cent of exports, he feared he would not be able to mobilise sufficient resources to mobilise sufficient resources; to sustain rapid growth. Faster growth has been the central plank of his strategy to ensure social and political stability which he rightly recognises is threatened by the violent activities of Maoist guerrilla group. Sendero Luminoso (Shining

Path).
The Peruvian business com-The Peruvian business community shared these concerns
and were willing to cooperate
with the government even if
they disagreed with many of its
policies. There was a sense of
working together precisely because of the precarious economic and political situation.
The arrogant, authoritarian and
ill-planned way in which the naill-planned way in which the na-tionalisation was introduced alienated business at a stroke and stirred the previously pas sive right.

#### Majority stake

The fact that it has taken so long to push nationalisation through is in one sense a tribute to Peru's democratic institu-tions, obliging president Garcia and his ruling APRA Party to respect the courts. The battle has ironically produced a solu-tion in one of the banks, the sale of a majority stake to the employees, which is more radical than President Garcia's original

conception.
This solution could be turned round and used not as a means to spite President Garcia, but as a compromise. If throughout the region. Other countries with heterodox are countries with heterodox economic policies facing up to the burden of the debt crisis, like Argentina and Brazil, have eilet off the hook. Yet they must be aware that further acts of derection.

President Garcia's arguments

bilitating resistance will in turn
provoke the latent authoritari-

#### **Lessons from** the past

Finance ministers may scoff publicly at comparisons be-tween events this week and the are taking care not to get caught making the same mistakes. Senior economics officials, at

the triannual executive commit-tee of the Organisation for Economic Co-operation and Devel-opment in Paris this week, took time off from their usual discussions for a historical seminar on what happened 58 years ago. Jean-Claude Paye, the OECD secretary general, and David



How many more times - it's not a BARE market, it's a BEAR market."

Henderson, its chief economist, led the officials through the ment to events of 1929, emphasising the French. need for central banks to keep supplying liquidity in order to avoid an economic disaster following the financial shock.

They were relieved to disco er the same day that Alan Greenspan at the Federal Re-serve had reached the same conclusion.

fall in the world's stock markets
was unjustified, and that economic prospects were, in fact,
rather encouraging.
And he also took the opportu-

# **Men and Matters**

organisation be heads. Interdependence demands cooperation. It was above all

the failure of international co-operation which transformed the stock exchange crash of 1929 into a world economic crisis," he said.

Not quite everyone in Spain is overjoyed at the nomination of biochemist and former education minister, Federico Mayor Zaragoza, as director-general of UNESCO. While some members of the present socialist govern-ment have swallowed their orig-inal reticence, at least one po-litical group is overtly hostile. The Canaries National Congress, an independence move-ment which considers the is-lands part of Africa, has issued a vigorous protest. Its leader, Antonio Cubillo, who returned

to the Canaries two years ago from Algeria, accused the "im-perialist powers and their al-lies" of manoeuvring to eliminate the current director-general, Amadou Mahtar M'Bow of Senegal, in order to replace him with with some one from a colonialist country."

Just to underline its point, the organisation issued the state-

ment to Spanish media in

#### Rough waters

A curious little footnote to Britain's maritime history has been written by small boat sail-Paye yesterday rammed home ors who have reasserum and the message that the size of the rights to free passage in the tidal in the world's stock markets al waters of the Solent between al waters of the Solent between Southampton and the Isle of

lands tradition - declared a total exclusion zone for yachts and small craft earlier this уеаг.

The "no go" zone was a boo-merang-shaped slice of the So-lent estnary by the Calshot light float. It also happens to be the main deepwater channel be-tween the mainland and Sacred Cowes, the yachtsmen's spiritu-al home. The port authority's move was seen as a rare and un-experted example of a commer-

After inducing signs of apoplexy among the flag officers of several of Britain's oldest and finest yacht clubs, Maleolm Ridge, the Southampton harbourmaster, has now backed down. The ban has been lifted following agreement between following agreement between his company and the Royal Yachting Association

Southampton port is starting to flourish again after years of near-anarchy among its labour force, which drove away its entire cross-Channel ferry traffic and sorely damaged freight business. The latest figures show all classes of ship movements up by about one-third.

#### Beaux arts

an Gilberte Beaux. Newly elected France's busiwas unjustified, and that economic prospects were, in fact, rather encouraging.

Associated British Ports, the authority managing the port of southampton, gathered up its to underline the importance of international co-operation - the role of the management of the southampton and the issect of the same same and industry has commissioned a theme song nesswoman of the year - a title she regards as her marshal's batton after 41 years in the world of finance - she plans to turn political and to devote herself for the southampton and industry has commissioned a theme song nesswoman of the year - a title she regards as her marshal's batton after 41 years in the world of finance - she plans to turn political and to devote herself for

the next six months to the task of getting Raymond Barre elected president.

Beaux denies any ambitions for political office if her campaign efforts are successful.

I am now 58 and I began working at a very early age, so I have put in my fair share of hours. I will do the maximum to get Mr Barre elected, but after get Mr Barre elected, but after that I think it would be reason-

able to turn very soon to looking after my garden," she says. Known as one of the toughest negotiators in France - she proved it last year by winning a bitter takeover battle for Presses de la Cite against the Italian financier. Carlo de Be-nedetti - Beaux is also willing to take up the codgels on behalf of her sex. Coming under her fire yester-

al home. The port and unmove was seen as a rare and unexpected example of a commercial undertaking assuming absolute control of tidal waters off the British coast. And it certainly took the weekend sailors by surprise.

In no doubt that a man would have been made a director.

In no doubt that a man would have been made a director straight away. Beaux describes paribas's conduct as 'at the expectation of the straight away. Beaux describes the straight away are the expectation of the straight away. day was the recently privatised banking group Paribas, which Paribas's conduct as 'at the ex-treme limit of what is accept-able."

Paribas may not be the only bankers who will sleep easier when she has turned her attention to politics.

#### Close harmony October in Tokyo is import-

promotion month Last year, Import Now! posters festooned department stores and railway stations, but the trade imbalance still soared to record levels. This year, the government is trying again. It has brought out two new posters.

One asserts: We Must Not

Stand Out Above Others', and the other proclaims: I Am An Earthling.
These posters are backed up

Jimmy Goldsmith's next target, now that he has sold off control of Generale Occidentale, his flagship company, is still shrouded in mystery, but a veil has at least been lifted on the projects of his right hand woman. Gilberte Beaux.

These posters are backed up by dozens of import fairs around the country. And just to prove that its heart is in the right place, the Ministry for International Trade and Industry than commissioned a theme song



We're going to invest in commercial property. Foskett. Nip out and buy some, will you? Office blocks, warehouses, factories and shops - you know the sort of thing. North, south, north east, anywhere. And take your time. Take all day, if you like... 39

You won't need all day, Mr Foskett. It only takes a minute to contact us. We'll be happy to advise you on all aspects of commercial property investment. Buying and selling, leasing, portfolio valuations, rent reviews, building surveying and management... from any of our offices in London, Birmingham, Edinburgh, Leeds, Manchester or Brussels.



THE STOCK MARKET is not the whole of the economy, but it is an important part of it. There is no way in which an estimated trillion dollars can be knocked off capital values throughout the world without some effect on inflation or real activity. The stock market shock need not be the end of the current modest world economic upturn; but preventing a downturn will require wiser and less brinkman-like policies than we have so far

Comparisons with 1929 are pointless, as the Great Crash of that year has acquired a mytho-logical status out of keeping with what actually happened. The true great crashes occurred later in 1930, in 1931 and in 1932, in the last of which the Dow Jones reached the horrifyingly low level of 41. By contrast, even at their trough on Monday, stock market prices in New York and elsewhere were not much below

speculation on credit with ous to the current BP offer.

"stop-loss orders driven by computers" means that when marputers means that when markets turn, they really turn. Nainflation should have been reture has brought about its own correction for the excessive in-volvement of resources in finanvoivement of resources in rinan-cial markets of which econo-mists of the post-war establishment have complained so bitterly. I imagine too we will hear rather less of inflated City earnings and the rosy prospects for graduates entering the financial sector, compared to the rest of business and industry. Nor will it have done any

THE situation of the world economy after the stock mar-ket debacte is serious but not hopeless - the opposite of what Hapsburg statesmen are sup-posed to have said as they

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watched their empire totter in-to war and collapse. Here is a six-point plan, cov-Here is a six-point plan, covering nothing that has not been urged many times, which each country can undertake individually in its own self interest, but which will be self-reinforcing if undertaken together.

O What the US needs is not cheaper or dearer money, but a "balanced budget". Nothing would do more to restore conwould do more to restore confidence both to the US and the world economies than a con-vincing plan to eliminate at least the General Government deficit (which might leave a federal deficit of no more than \$60bn). Half the cut should come in 1988 and the remain-der within the next fiscal year.

**Economic Viewpoint** 

# A setback which need not be a catastrophe

elsewhere were not much below the levels of a year ago.

On the present occasion, it has become almost a cliche to say that equity markets were too high, after they had risen for most of the 1980s and particularly sharply in the past couple of years. Nevertheless at their peak this summer, both US and British stock markets were little higher in real terms than at the previous peaks of the late 1980s and early 1970s.

The combination of age-old speculation on credit with speculation is consolation is that the previous peaks of the late the previous peaks of the late the previous peaks of the late markets can fall as well as rise, a lesson that might have been missed in the steady stream of the points in long-term bond yields in both the US and Japan, together with substantial rises in Germany and other countries, should have been a warning signal. duced. This will not prevent in-fistion in the US from being higher relative to the other main industrial countries, given the dollar fall that has already

It did not in itself, however, make a bear market in equities inevitable.

Henry Kaufmann of Salomon main industrial countries and the dollar fall that has already taken place, let alone any more to come. Worries about inflationary overheating in countries such as the UK should be had been jacked up by the Fed dampened, despite knee-jerk in anti-inflationary dollar-supporting moves. The result was that the markets were looking ahead to eventual recovery



the Fed protests that inflation-ary fears are overblown.

The scene was set for the stock market rout by another set of so-called bad US trade figures on October 14. At the same

once inflation was slain. This take fright and embark on a fe-time short-term rates are well rocious rise in interest rates, below long-term ones because which would bring about the rerocious rise in interest rates, which would bring about the recession which the American financial community so loves to

Not surprisingly there was a hasty retreat by all parties, with a US-German statement on Monday night reaffirming the Louvre Accord and German actime, the tightening of German Monday night reaffirming the monetary policy caught world—Louvre Accord and German acwide attention, throwing doubt tion to ease interest rates. But on the continuation of the Louby then much damage had al-

on the continuation of the Louvre agreement.

James Baker, the US Treasury
Secretary was right to criticise
the perverse policies of a divided Bundesbank, but wrong to
add hints that he would start to
talk down the dollar.

If there is one rational ground
for start market persisting it is for stock market pessimism it is the attempt to do so mainly by that the dollar will go into free official intervention in the for-fall; and that the Fed would eign exchange market, rather

than by more explicit adjust-ments to domestic monetary

policy.
If Germany loosens monetary policy and the US tightens it in an obvious and above-board way, the costs and benefits are clear to all from the start. Instead we had the sudden awak-ening in Germany to the back-door easing of monetary policy and the belated tightening of Fed policy in the late summer.

The ostensible reason for the recent perverse tightening in German monetary policy was the rise in German bond rates, for which there was no rhyme or reason in the outlook for either inflation or the real economy.

Economist Kurt Richebacher of Frankfurt has suggested that the Louvre agreement had a perverse effect on German bond prices. For by convincing the market that exchange rates would be pegged, it made Ger-man bonds, which yield 3 or 4 per cent below American ones, a bad buy.

The lesson is surely the need to move as soon as possible to a more structured agreement than the Louvre. The interesting aspect of UK Chancellor Nigel Lawson's IMF proposals was not target zones as such, but the suggested adjustment of the central parities by modest amounts falling within the target ranges. This is known in the trade as "a crawling peg". trade as "a crawling peg".

enomenon in general.

Those same professionals be-lieve that Britain is now going through a similar process of learning about child sexual abuse - and isn't it a pity, they

say, that the dawning of enlight-ment is being postponed by the obvious muddle in Cleveland. This is not an assertion that

one-in-ten or one-in-three children are sexually abused, or anything so dotty. The truth is that (a) nobody really knows how many, while (b) the quanti-

ty of diagnosis is currently as volatile as the FT Index. The re-

voiatile as the FT index. The recent sharp climb in reported
cases will doubtless be followed by fluctuations and a
more settled curve at a lower
level But the abuse, whatever it
is, cannot be ignored, as the
grisly accounts I have heard in-

Hard as it is to credit, there

really is a category of extreme abuse. A six-year-old boy with

There is no way by which the financial markets will believe in an unchanged parity of the inflation-prone dollar against the hard currency mark or yen. But once overall confidence is restored, they might well believe that the downward crawl can be held to the 3 to 5 per cent per annum corresponding to international inflation differentials. This would be the best way to end fears of either an over-rigid target or a free fall of the dollar. There is no way by which the

\$100bs. Political economists need to take over to produce figures which are roughly right rather than precisely

wrong.
If the events of the last few days do not make this pro-gramme, or some equally far-reaching alternative, real-

istic nothing will.
If we see nothing along these If we see nothing along these lines, we face not necessarily a depression, but years of substandard performance, inclinding further increases in US interest rates, a slipping dollar which does not improve fundamentals and continued bickering among the Group of Seven, interrupted by face-saving-communiques. It is not a colline into mediocrity - like the politics of the Hapsburg Empire in its final years - without the redeeming feature of that Empire's artistle achievements.

children ist, and it can be horrifying - but talia was one specific example its extent is almost certainly excited. We need not dwell on that aggerated. This conclusion is category. Pregnancy, venereal drawn from conversations with disease, the presence of semen. social workers, paediatricians, and cuts or bruises constitute and others following the public- undeniable physical evidence ity given in the UK to a spate of of a second category; most of cases in which some 200 chil- these are handled by the police. dren were taken from their pardren were taken from their parmuse by the Cleveland social services department on the ground ed intercourse, even with very
that they would be "at risk" if allowed to remain at home. The
subsequent judicial inquiry into those cases is still in session; Lancet, "a child can have a
meanwhile it is rescrible for the burised button but not have

**JOE ROGALY** 

Abusing their

meanwhile it is possible for the non-specialist to unravel some of the confusion about the pohbeen sexually abused, and a child can have been penetrated but not have a bruised bottom." The story starts, as so many Diagnosis, in her view, de-pends upon the child's own ac-count (it is assumed by most professionals that very young children do not lie, particularly do, in the United States. Over there, the writings of Henry Kempe and others led first to a realisation of the shocking inci-dence of physical maltreatment of children (battered babies') and, some years later, to a focus on sexual abuse. Each time the concentration of American docabout such matters), plus a lethora of information about the family and its circum-stances. The child's behaviour is also evidence. She told of a is also evidence. She told of a three-year-old-girl who, on ex-amination, wiggled about in a manner that her parents later insisted was learned from watching a pornographic film on their video, and of another tors and social workers on such tragedies was followed, after about ten years, by a similar discovery of abuse in the United Kingdom. It took some time for British public opinion to accept the idea that people could be so beastly as to batter or torture their children, but a few celebrated cases made it impossible to ignore what the post-Kempe generation of social and health workers was saying. tors and social workers on such who came across as highly flir-tatious when undressed. (Fortunately that particular father has left the family home.) Such cases do seem to require the multi-disciplinary approach in

rician put it, echoing a rather less blunt formulation in The Lancet, "a child can have a bruised bottom but not have

abuse, like performing sexual acts in front of children? Done repeatedly, in a non-caring fam-ily, by, say a stepfather or a grandfather (both real cases), this can be psychologically damaging. It is not, however, a clear-cut reason - to the lay ob-server - for breaking up the fam-ily. The sensible social services directors tend to agree: they would try a word in the offend-er's ear first, and a warning to others in the family after that. for apart from the physically obvious cases there are few certainties in this area of practice; paediatricians, and others, can be wrong. The sensible ones are conscious of that. What the rest of us have to take on board is that, alas, they can be right.

which doctors, police special-ists, social workers and others try to assess what is to be done

in the interests of the child.

#### Six guidelines for top-level action

Both Vice-President George Bush and Treasury Secretary James Baker believe that the inhibitions on the spending ents and tax increases reents and tax increases required are nothing more than woodoo economics. Is it not time they told the President this in unmistakable terms and worked with Congressional leaders on a drastic emergency moderate?

gency package?
Fiscal restraints in Britain
under Chancellors Denia Healunder Chancellors Benis Heal-ey in 1976-77 and Goeffrey Howe in 1988-81 were associ-ated not with recession but economic recovery; and the move to a near-balanced bud-get under Nigel Lawson - how-ever it has come about - has been associated with Britain's lean to the tro of the grawth leap to the top of the growth league.

After an emergency fiscal package, the Fed will have the room it does not now have to relax or tighten policy in line with economic requirements and finance ministers will also have a better idea of where the dollar needs to go.

O The West German authorities should commit themselves to an objective of 5 per cent growth of nominal gross domestic product, to be achieved up to 1990 by whatever mixture of monetary and fiscal policies they choose. To follow this policy, the Bundesbank would simply have to adjust its monetary targets in the light of changes in the velocity of circulation. Mr Baker too must accept the little word 'nominal', which both makes the objective achievable and builds

There must be some Japanese contribution, even if across-the-beard monetary relaxation is not a suitable reizration is not a suitable response to recent financial speculation. The infrastructure spending frequently recommended to all and sundry on ideological grounds may indeed be what Japan requires on a larger scale than already

• Once markets have settled, the Louvre Accord should be transformed into one of pub-lished target zones with an adnamed target mones with an adjustable central parity.

The British should end all the years of waiting for the "time to be ripe" to join the European Monetary System. If not now, when? The game of guessing how the Prime Minis-ter's mind might move on this has lost its fascination and it is time the Cabinet played a role of the kind suggested for Bush and Baker in the US.

The misleading statistics which throw markets off balance need to be taken in hand. It is quite intolerable that the greatest nation in the world should have its currency at the mercy of monthly trade figures which do not even separate value from volume. It is just as absurd that the UK, which has an external surplus, should report a deficit because of statistical scruples in allocating the tical scruples in allocating the balancing item. Nor can we af-ford the black hole in the world economy of an annual deficit with itself of \$500n to

# Strutt &

Parker

A rapidly increasing presence

During the last nine months we have let or sold more than 1,700,000 square feet of business space outside Central London with an asset value of £165 million

> are currently instructed is valued at approximately £1.25 billion

scheme From Professor W Buiter.
Sir. After the largest recorded one-day declines to date of the US and UK stock markets on October 19, Mrs Thatcher declared that "the underlying economies are strong and growth prospects are good." She may well be right. She might al-so welcome an opportunity for so welcome an opportunity for putting the taxpayers' money where her mouth is. The crash and her statement present me with a golden oppor-

**Stabilisation** 

tunity for wheeling out one of my favourite non-standard pro-posals for reforming macroeconomic management direct stock market stabilisation through an extension of open market operations to include the buying and selling of pri-vate stocks and shares by the

Recently governments in the main industrial countries have demonstrated considerable in-terest in stabilising exchange rates and have even achieved a measure of success in this area. The climate may therefore be right for extending such policies to the world's stock markets

In order to avoid having to take a view on the merits of in-dividual stocks the UK Government could buy or sell a very broadly-based basket of UK company shares, say one con-sisting of all listed and unlisted UK companies in proportion to their aggregate market value. In order to avoid the temptation to get involved (as shareholders) in the nitty-gritty of of individual company affairs, all pur-chased stocks and shares could be put in a "national blind trust" whose income would go straight into the Exchequer.

Where the market's move-ments are in line with the gov-ernment's perception of the fundamentals, there would be no buying or selling. When the government perceives a "bull bubble" it would sell (sell short if necessary) and when it per-ceives a "bear bubble" it would buy. Purchases would be fi-nanced in the short run either by borrowing or by money cre-

by borrowing or by money cre-stion, depending on the prevail-ing macroeconomic conditions.

In the long run the taxpayer would foot the bill (through ex-plicit taxes or the inflation tax) for any failure of the govern-ment to impose its view on the market, or reap the rewards from stabilising official specu-

Interesting facet to this whole question. The details of the operation of such a "stock market stabilisation scheme" may require some further working out. One could imagine an FT Ordinary "target zone", with either rigid or soft margins around a trend reflecting the perceived underlying growth of profits, with the government's intervention rule either public knowledge or under the Official Secrets Act. Some international co-operation, much in favour recently, may also be required.

Interpetition whole greater savings that been made possible of auditors

From the Director of Audit and Accounting Services, Price Waterhouse.

Sir. Mr. John A Newman (October 16) commented on the subject of incorporation by accounting Services, Price Waterhouse.

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Letters to the Editor

If the Prime Minister is right (and the Chancellor's character-isation of the Market's behav-iour on October 19 as "absurd" is iour on October 19 as "absurd" is correct) the collapse was both unnecessary and damaging to the real economy. Believers in "market efficiency" will consider the proposed scheme redundant at best and quite possibly harmful. They can find comfort in the opportunity for speculating against the government's stabilisation scheme, whose eventual collapse would, in their view of the world, be a sure thing. Ex-ante therefore, everybody would be better off under the new scheme. (Professor) Willem H Buiter, London School of Economics, Houghton Street WC2.

**Dollar rise** wanted

From Mr D Salem.
Sir., There are fads in all markets. The currencies market and the stock markets are no exand the stock markets are no exception. Not so many years ago, for instance, all eyes were focused, at the end of each week, on the publication of the US money supply figures. For some time now, they have been focused on the monthly US trade figures; and this despite their being subject to later revision (sometimes substantial); despite the absence of adjustments for seasonal variations; despite also the inclusion of freight in the import figures - a practice which leads to distortions both in the trend shown by the reported figures and in the tions both in the trend shown by
the reported figures and in the
comparisons made with the figures of some other countries.
The general unreliability of
trade figures is further demonstrated, if need be, by the fact
that the net total of the trade
figures of all trading countries
comes to many tens of billions comes to many tens of billions of dollars - exceedingly far, therefore, from the zero that logic and simple arithmetic dietate.

On these grounds alone. it doesn't seem very sound to base decisions in the currencies and stock markets - let alone major policy decisions at government level - on published trade fig-ures. But there is a much more interesting facet to this whole

now lower than in Europe. Never mind that exports as well as imports include many items which are not price-sensitive. Never mind also that a devaluation's impact on prices is far from automatic: exporters to a country with a weakening currency tend to cut their margins now lower than in Europe, Nevfrom automatic: exporters to a country with a weakening currency tend to cut their margins rather than see their goods priced out of the market; conversely, manufacturers from that country will be tempted to take advantage of the devaluation to earn a higher return on exports by not allowing their selling prices abroad to go down as expected. Never mind, finally, that imports are sometimes paid for in the currency of

times paid for in the currency of the importing country, while exports do not all necessarily earn foreign currencies. The general opinion still is that at some point the famous J-curve theory will be vindicated, and few are asking themselves why we have been stuck on the unfavourable side of the J for so long - far longer, in fact, then past experience with currency devaluations has shown to be the rule.

tions has shown to be the rule.

In my opinion, we are likely to remain on the wrong side of the J for as long as the dollar keeps sliding, unless we are prepared to push it down to really absurdly low levels, with all the attendant dangers that this would present. The J-curve phenomenon works when a devaluation brings a current down in one brings a currency down in one fell swoop to a new level at which thereafter it will be maintained; it is much more difficult for it to work in the case

Vogue House, Hanover Square, W1.

Independence

shares to outsiders. It is not correct that Price Waterhouse is opposed to such moves. Our recent submission to the DTI supports the principle of incororanon. In addition we also support

the appropriateness of legisla-tion to establish a maximum outside shareholding together

is, of course, a matter for the fu-

It is fundamental that the in-It is fundamental that the in-dependence of auditors must be safeguarded as strictly as possi-ble but looking ahead we need to ensure that the accountancy profession is equipped to meet the needs of changing circum-stances. We are glad to see that Mr Newman is of a similar view and that there may be a variety and that there may be a variety of approaches which might be adopted. As things now stand we do not believe that there has been sufficient examination of the problems to enable the In-stitute, or the DTI, to take a bal-

stitute, or the DTI, to take a bal-anced view of potential difficul-ties and to consider how self-regulation principles can be framed. This in our view must be done in arriving at a sensible but, nevertheless, ac-ceptable approach which al-lows the profession to change with the times but does not com-recent the interests of clients. promise the interests of clients or users of financial statements.

Colin Brown, 32 London Bridge Street, SE1. A gigantic

maintained; it is much more difficult for it to work in the case of a continuous, progressive devaluation, because such a gradual erosion of the currency keeps piling one new J-curve on top of another.

The conclusion? Paradoxical as this may sound, I suggest that we would witness a rapid improvement in the US trade balance if the dollar were to rise.

subsidy

ance if the dollar were to rise, and that such an improvement would continue for as long as the currency had a slow steady climb - but stopped short of the dizzy heights reached in early 1985.

Daniel Salem,

Vome House annuities, when we would much annuties, when we would much rather plan our retirement on the basis, mainly, of income from our savings (ie the much greater savings that will have been made possible by the lower income tax and the abolition of capital gains tax), with the right to pass on the balance of those savings to our children or

those savings to our children, or elsewhere, at our choosing - not at the Government's. If we want to become a nation of responsible capitalists with long term horizons, this, surely, is the way to achieve it? David G Lindsay.

in commercial property

Business space on which we

STRUTT & PARKER



# FINANCIAL TIMES

Thursday October 22 1987



US State Department faces leaner times writes Andrew Marshall

# Taking a cleaver to diplomatic fat

its diplomacy with a certain de-gree of exhibitionism. When Mr George Shultz, US Secretary of George Shultz. US Secretary of State, went to China this year, he took 220 people with him. The trip lasted five days and

But such conspicuous consumption is out of place as Washington crawls painfully to-wards cutting the \$156bn feder-al deficit: Congress has decided it can no longer keep Mr Shultz and the Department of State in the style to which they have be-

come accustomed.
In the lush years between 1981 In the lush years between 1981 and 1985, the department did well. Its funding for salaries and expenses - the main variable component of its budget rose by 85 per cent, 35 per cent faster than even the Defence Department, and well above the average of 50 per cent for federal spending as a whole.

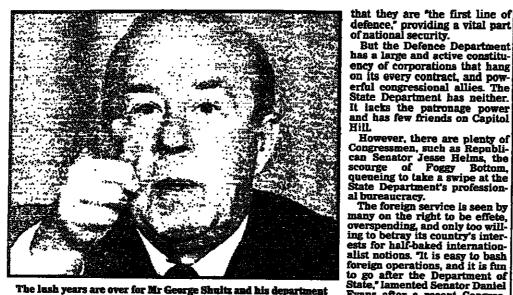
The fiscal landscape is now much bleaker. Although the department's spending is small

partment's spending is small change in the federal budget, less than 1 per cent, it will have to take its share of the cuts. State Department funding for

State Department funding for the fiscal year, which began on October I, will see at best a min-imal rise from \$1.61bn to be-tween \$1.63bn and \$1.69bn. After adjustments for inflation, the department estimates a short-fall of \$84m.

Cuts on this scale will draw blood. Plans drawn under the guidance of Mr John Whitehead, the assistant secretary, envisage reducing jobs by 1,300 (8 per cent of the full complement) through a combination of ment) through a combination of redundancies and retirements. Several bureaux in its Washington base in Foggy Bottom would be closed or consolidated.

Two embassies - one in Equa-torial Guinea, the other on the Comoro Islands in the Indian Ocean - are scheduled to close, and 13 overseas consulates. Fourteen consultates have already closed, the majority in Europe, a part of the world which has become prohibitively expensive after the fall of the dollar. Administrative facilities



The lush years are over for Mr George Shuitz and his department

ticipated congressional opposi-

The plans have come under heavy fire, from both inside and outside the department. The American Foreign Service As-sociation, the professional body of the foreign service, is horri-

of the foreign service, is horrified at the prospect of losing one-tenth of its members.

Although they recognised the need for cuts, said Mr Perry Shankle, the association's president, these should be spread across personnel and equipment. The association calls the plan "a meat axe approach".

Mr Allen Goodman, assistant dean of the School of Foreign Service at Georgetown University, is blunter still: "It's lobotomy with a meat cleaver," and

would be shifted from Paris to Bangkok. The department has also sought to avoid closing that target. And if, as is possible, the Gramm-Rudman axe ble, the Gramm-Rudman axe comes down later this year, yet

more cuts may be needed.

Mr Ronald Spiers, under-secretary of state for management, seems resigned, both to the scale of the cuts and the criticisms. I don't like what we have to do either," he said bleakly. But he points out that since 65 cents of every dollar goes on personnel, job losses are inevi-table: We are not like the Defence Department. We can't just cut back construction or procurement programmes."
Ironic contrasts with the De-

fence Department's massive budget abound. The Foreign Service Association notes that the \$84m which has to be cut is less than half the cost of a stramy with a meat cleaver," and tegic defence bomber, and that claimed that cuts had been planned without regard to maintaining essential services er than the State Department's an efficiency.

ment, and by extension the US, will have to make some very hard choices about resources and commitments over the next few years. or efficiency.

Congressional aides say the package, which claims to cut tion and the department stress

#### Saudi Arabia that they are "the first line of defence," providing a vital part of national security. But the Defence Department has a large and active constitutrade deal ency of corporations that hang on its every contract, and pow-erful congressional allies. The

However, there are plenty o

Evans after a recent Congres-

sional bating session.
Officials realise there is deep-rooted suspicion of the

foreign service on Capitol Hill: "We deal with foreigners," said

Mr Shankle, almost apologeti-cally. Service morale is low.

The department is trying to rouse public opinion by pointing out the effects of the cuts. But it is an uphill task. No one

relishes the prospect of ex-plaining to Mr Helms that the

plaining to Mr Helms that the embassy in Equatorial Guinea is a vital resource. Mr Shultz, for instance, claims that it may be necessary to cancel the forthcoming meeting of the Organisation of American States because the department cannot afford the \$900,000 needed to pay for it. But some may remember that this is less than half the cost of the department's plan to replace lost and damaged silverware.

replace fost and damaged su-verware.

Everyone is avoiding emotive terms like "decline". But it is clear that the State Depart-

By Richard Johns in London

encourage UK investment in joint ventures worth between

government-to-government deal on an aircraft package, which includes 72 Tornado aircraft. The package was originally agreed in February 1986. No precise figure for the off-set investment was given in the imemorandum of understanding, signed by Prince Sultan bin Ab-dul-Aziz al Saud, Saudi Minis-ter of Defence and Civil Avia-tion, and Mr George Younger, UK Defence Secretary.

UK Defence Secretary.
The target is understood to be

That will mean essentially 40 per cent of the value of the Tornados, built by the Anglo-German-Italian Panavia consortium, and 50 per cent of the 30 Hawk trainer/strike aircraft powered by French engines. The 30 PC-9 trainers manufactured in Switzerland will not be included in the calculation.

It has not yet been decided whether the Saudi equity participation in the joint ventures will be counted as a contribu-

yesterday that the memoran-dum of understanding in no way constituted a guarantee on the part of the UK.

part of the UK.

It speaks of the two governments giving "support and encouragement" to interests in their respective countries, wanting to establish "commercially viable and profitable ventures" of hearts to be the statement of the statement o

Minister of Defence who heads Saudi Arabia's offset committee, has evidently dropped his insistence that only high-tech-nology projects qualify under the programme.

That was the principle adopted in the offset agreement relating to the "Peace Shield" aerial defence system being carried out by a consortium headed by Boeing of the US, which result-ed in four approved projects in-volving an nearly \$600m invest-

**IBM** lifts

veil on its

telecoms

strategy

By David Thomas

# **Britain** and enter offset

THE BRITISH Government will (£500m (\$825m) and £600m in Saudi Arabia under the terms of an accord signed in Riyadh. The commitment has been

made in response to the Kingmade in response to the king-dom's demand that it receive compensatory economic benefit for its £5bn outlay under the government-to-government deal

equivalent to 35 per cent of the value of the UK component in the hardware being delivered by British Aerospace.

That will mean essentially 40

included in the calculation.

The Saudi Government is

The Saudi Government is thinking in terms of 50:50 joint ventures, with half the financing coming from equity stakes in the first instance and the balance in high concessionary loans from the Saudi Industrial Development Fund.

tion towards the sum set as the goal for offset investment. In Whitehall, it was stressed

tures of benefit to both.
At the same time, Prince
Fahd bin Abdullah, Assistant

THE LEX COLUMN

# Just in time for BP

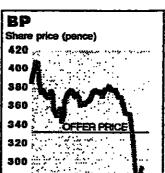
Despite the rally in markets around the world yesterday, there is still much to disturb investors. The Stock Exchange Topic system's inability to dis-play the FT-SE 100 index for a couple of hours was an irritant, couple of hours was an irritant, though the futures market managed to keep trading without it.

More significant for the fragile state of confidence was the West German cabinet's show of annoyance with US Treasury Secretary Baker, even though it was justified in reminding the US of its Louvre commitment to cut its budget deficit Markets cut its budget deficit. Markets are getting impatient for a credible policy statement from the US authorities.

The Government's timing over BP has proved very lucky indeed. There might just have been a case for pulling the issue right up to the point when the sub-underwriting was complete, and that came 24 hours before Wall Street started its collapse last Friday. Since then, France has had to postpone the priva-tisation of Matra and the Norwegian government has put off a planned rights issue - Scandinavia's biggest - for Norsk Hydro. Next month's Channel Tunnel flotation and the sale of a sec-ond colossal chunk of NTT in Japan will need careful han-

dling.
For the BP underwriters, the For the BP underwriters, the issue may prove painful rather than damaging. If the price stays around yesterday's closing level of 287p - more than 10p below the most optimistic value of the offer - there will presumably be no takers. This would leave the UK institutions with unwards of 60 per cent of the upwards of 60 per cent of the offer, rather than the 15 per cent minimum originally envisaged. The resulting £1.6bn cost of the first instalment would be bad news for institutional liquidity, especially if it had to cope with other things like unit trust redemptions.

But the more philosophical institutions might do best to settle for an effective price of 310p. Some of the issue, after all, can be regarded as maintaining in-stitutional weighting in the stock, even if it is awkwardly bunched. There could be little alternative to holding on, given the prospect of UK oversupply. Goldman Sachs, Daiwa and the



sell on to the public. Barring a remarkable late outburst of public enthusiasm in the US or Japan, that stock will surely be winging back to the UK market.

#### **Takeovers**

One of the lasting effects of he market shake-out could well be in corporate conduct. If City operators are likely to fight shy of new issues or block trades. companies should be more scared of being left holding assets which could decline in value. The result should be at least ue. The result should be at least a temporary halt to what had become a rather dangerous phenomenon: the break-up bid. In the past year or so, it had begun to seem that almost no bidders wanted to buy companies to run them better, but rather to sell off the bits at a profit. Hanson Trust had long been operating successfully as a warehouser of businesses - for example, selling the unwanted a warehouser of businesses - for example, selling the unwanted parts of SCM for more than the total acquisition cost, while keeping a large chunk of the earnings. Newer entrants in the game were such pillars of rectitude as ICI, whose purchase of Stauffer from Unilever demonstrated its new-found belief that strated its new-found belief that it was worth buying a business it was worth buying a business just to get at a third of its operations. The financial sector saw break-up bids such as British & Commonwealth's for Mercantile House. The Swiss prudence of UBS in backing out of its offer for Hill Samuel was an instruction the increasing powers.

other foreign underwriters will assumption that post-deal sales small UK companies with unatural holders, as in the UK, but with brokers and investment banks whose business is to the takever of the tak

posed for Storehouse, depend ing on separate stock market quotations for each part adding up to a valuation more than the

original whole. But the only bids likely to succeed at present are for cash. Matthew Brown and Hill Samuel shares have outperformed their sector rivals during the market falls thanks to cash ofmarket fails thanks to cash offers on the table. Associated British Foods now has a better chance of winning its cash bid for S & W Berisford at 400p, though if it does it will presumably have a harder time selling off the non British Sugar ports. off the non-British Sugar parts.

Another endangered species in the market's new mood must be the corporate raiders and ar-

bitrageurs. Buying a disclosable stake in a company to put it into play, or simply to stir the pot in an existing bid, is not the easy way to a profit it used to be.

#### Small companies

With Wall Street and London having fallen by close to a fifth over the last week, investment managers are still spending most of their time sorting out their views about where world stock markets go from here. But as the dust begins to settle, they will have to address the ques-tion of how the "Crash of 87" has affected the outlook for individ-ual sectors and shares. It is clear from the events of the past few days that at the height of the panic to get out of the mar-ket, little thought was given to what was being sold, and it has been the most liquid, bigger capitalised stocks which have inevitably taken the brunt of the selling the selling.

outperformed the market for the last 18 months, have es-caped much of the sell-off. Bro-kers Wood Mackenzie note that whilst the FTSE-100 stocks had fallen by 22 per cent in the first couple of days this week, the rest of the market had fallen by 15.9 per cent. Even after the setinstructive contrast.

One danger in such bids is in the markets this raises the that the acquirer often gears up question of whether UK inves-to finance the takeover on the tors will continue to favour

# Shultz confident on Moscow talks

MR GEORGE SHULTZ, the US Secretary of State, who yester-day left Helsinki for Moscow by train after fog prevented him from flying to the Soviet capital, September.

Clear missiles, on which they Washington meeting between the two ministers is that of the timetable for the abolition of the West German Pershing 1A missiles and their US-con-Shevardnadze, the Soviet Foreign Minister.

However, Mr Shultz shied away from predicting whether a date could be set at this week's meeting for a summit in Novem-

out the final touches to an INF (intermediate nuclear forces) treaty in Geneva. Although both sides said that some points remained open, particularly on the issues

missiles and their US-con-trolled warheads. That problem said he was confident of making progress on arms control in two days of talks with Mr Eduard working flat out to put the final strolled warheads. That problem appeared to have been solved in Washington after the US agreed to destroy their nose cones when the missiles them-selves were eliminated and to

However, Mr Shultz shied away from predicting whether a date could be set at this week's meeting for a summit in November between President Reagan and Mr Mikhail Gorbachev, the Soviet leader.

The two ministers hope to tie up the remaining loose ends of a treaty on the worldwide abolition of intermediate-range nu
metical rores) in teaty in cene sales selves were eliminated and to return their contents to US teritory. Although the conclusion of an INF treaty now appears to be wirtually a foregone conclusion, progress towards agreement on a 50 per cent reduction of strategic arms has been blocked by Soviet insistence that any accord in this field must be accompanied by an undertaking

by Washington to abandon President Reagan's Strategic Defence Initiative.
In Washington, however, Mr

Shevardnadze hinted that Moscow might be prepared to modify its position by expanding the definition of the SDI

components which it was pre-pared to see tested in space.

Mr Shultz and Mr Shevard-nadze are also due to discuss the situation in the Gulf after the latest US-Iranian clashes; political solutions to the Afpointest solutions to the Ar-ghanistan conflict; and human rights problems. Soviet officials have indicated that Moscow would again urge the US to reconsider its opposition to a United Nations task force for

# US, UK companies plan telephone link

Continent using their new transatlantic telephone cable. Nynex and Cable & Wireless are planning to launch a new service between the US and the service between the US and the UK in mid-1989 using their new transatlantic fibreoptic tele-exhibition in Geneva just be-

the evolving strategy aimed at Street.

in New York," he said.

The cable. which will cater for the private voice and data traffic of big companies, will challenge the grip on UK-US with the Dutch joint services for

NYNEX, the New York-based telephone company, and Cable & Wireless, the British telecommunication company, are considering taking a slice of the fast-growing business traffic between the US and the European Continent using their new traffic held by American Telephone at Telegraph and British Nynex, one of the large regional US telephone companies system yesterday accused European countries of unfairly profite the cable might also be extended to the Netherlands.

This would allow us to cater

This would allow us to cater better for the European needs of our multinational customers

continued from Page 1
sions be undertaken with the bipartisan leadership of the Congress for that purpose." Mr Reagan said, reading from a prepared statement.

The property of the Congress for the purpose of the Congress for the purpose. The property of the Congress for the purpose of the Congress for the purpose of the Congress for the purpose of the Congress for the Congress

authorities to operate the trans-atlantic cable.

Mr Staley said be expected a decision in the first quarter of next year.

Judge Harold Greene, who still oversees the US telephone industry, said in Geneva that many European countries used

wanted to build up its presence setting procedures as way in Europe, including through protecting their industries.

The judge's remarks ref

He also indicated that Nynex equipment testing and standard setting procedures as ways of

in Europe, including through acquisitions.

The judge's remarks reflect the US belief that Europe has selling goods over the telephone - as an area in which Nynex was interested.

The judge's remarks reflect the US belief that Europe has lagged behind it in opening its markets as a result of telecommunications deregulation.

#### INTERNATIONAL Business Machines, the world's largest computer company, yesterday set out the strategy to boost greatly its telecommunications business based on alliances with other companies in the in-

dustry.

IBM, which has recently been under pressure in its core com-puting business, is putting greater stress on telecommunications because it believes the long talked about conversion with computing is now begin-Baker in deficit talks as pressure on US grows

sion to authorise budget talks with Congress.
Democrats on Capitol Hill have been strongly urging the President to accept about \$12bn of tax increases as part of a the \$23bn budget deficit vodustics.

Mr Armstrong, making an un-usually detailed statement of IBM policy at an international telecommunications exhibition in Geneva, explained that IBM wanted to combine its knowledge of computing and network management with telecommunications companies' understand-ing of public switching and telephone services.

He coupled this statement

with announcements of two such agreements - with Siemens of West Germany and Bell Atlantic of the US - to develop new types of services over the tele-phone. This will include credit card validation, freephone services and business networks which reduce companies' costs by imitating aspects of private lease lines.

Other recently concluded IBM alliances have been a similar deal with Ericsson of Sweden, an agreement with Stet of Italy on computer-integrated manufacturing, and co-operation with a group of French financial in-stitutions on value-added ser-



No-one with a serious interest in international ement should take our name – Kuwait Given the increased scope and geographical

breadth of our activities, it is more appropriational merchant bank, than as simply an investment company. For instance, we manage and write new issues on a world-wide basis in a variety of currencies and enjoy

world's major underwriting houses. We continue to develop our already considerable expertise in international stock and bond markets, in particular our international equity portfolio, which we have If you are considering international investment opportunities, why not contact us? We can point you in the right

KUWAIT INTERNATIONAL INVESTMENT COMPANY Al-Salhia Complex, PO. Box 22792, Safet, 13088 Kuwait Telephone (General): (965) 2438273/9, Telex: 22325 INTVEST KT Telephone (Direct): Investment (965) 2464788. Syndications & Banking (965) 2422498/2410626

# World Weather

The White House move to ly anxious to present Mr Reagan drop its opposition to negotiat-ing with Congress on the budget taking a leading role in tackling seemed designed to be part of the crisis of confidence on Wall

# Tokyo, Europe confident

Johannesburg followed a similar pattern to Australia, with the market held back by

trend, with the general index falling off 4.92 points to 286.24. Prices in Paris had recovered strongly by the end of the

# Summit in June. However, on Capitol Hill yesterday budget experts remained in doubt about the precise implications of Mr Reagan's deci-

Continued from Page 1

leaguered investors of an adequate supply of money.

The bank bought Y260bn of short-term bills in the money market and Y50bn of long-term bonds. The yield on the 89th is-sue government bond fell 0.139

per cent to 5.580 per cent. The market in Hong Keng remained closed, although brokers said that grey-market share trading was at prices 20 to 25 per cent below Monday's close. Singapore was closed for a public holiday. Australian investors de-

clined to push the market into recovery and shares moved on-

ly marginally ahead, with in-dustrial issues advancing, but with the broader market held back by declines in gold and

with the market held back by weak gold shares.

Markets across Europe de-layed opening times and prices across the boards surged ahead in Frankfurt, Zurich, Brussels, Paris. Amsterdam, Milan, Stockholm Walshi. Stockholm, Helsinki, and Osle. Only Madrid bucked the



## SECTION II – COMPANIES AND MARKETS

# FINANCIAL TIMES

Thursday October 22 1987

**Enichem** 

and Dow

in joint

venture

of advanced epoxy resins.

ENICHEM, the Italian state chemi

cal company, and Dow Chemical Europe are to build a jointly owned plant in Italy for the manufacture

The joint venture marks a fur-ther stage in Enichem's strategy of

building alliances with foreign pro-

logical weakness. Dow Chemical is

regarded in Rome as a major prize

because it stands number two to

Shell in the world league table of

tic market to increase the penetra-tion of its resins. These are employ

ed in many high-technology appli-

producers of advanced resins. The US multinational, for its part, will be able to exploit Enichem's solid position in its domes-

ducers to cover its areas of techno-



**BOOST FOR INDUSTRY BASED ON ALLIANCES** 

# IBM unveils telecom strategy

INTERNATIONAL Business Ma- try. chines, the world's largest computer strategy to boost its telecommunications business based on alliances with other companies in the indus-

IBM, which has recently been under pressure in its core computing business, is putting greater stress on telecommunications because it believes the long talked about convergence with computing is now beginning to happen.

Mr Michael Armstrong, president of IBM Europe, said: We are increasing our involvement in the telecoms business through alliances with other suppliers in the indusMr Armstrong, making an uncosts by imitating aspects of private usually detailed statement of IBM lease lines. policy at an international telecommunications exhibition in Geneva, explained that IBM wanted to combine its knowledge of computing and network management with te-lecommunications companies' un-derstanding of public switching and

He coupled this statement with announcements of two such agree-ments - with Siemens of West Ger-that the development agreement many and Bell Atlantic of the US to develop new types of services ploitation of the products.

Other recently concluded IBM alliances have been a similar deal with Ericsson of Sweden, an agreement with Stet of Italy on computer-integrated manufacturing, and co-operation with a group of French financial institutions on value-

These relationships are non-ex-clusive, but Mr Armstrong stressed

over the telephone. This will include credit card validation, free-phone services and business net-industry by stating that IBM had no intention of manufacturing trans-He also killed speculation in the

mission equipment or public exworks, which reduce companies'

IBM is basing its push into the European telecommunications market partly on the private digital exchange developed by Rolm, its te-lecommunications equipment subsidiary, which it unveiled earlier

He also welcomed steps throughout Europe towards the deregulation of telecommunications but warned that charges for leased lines should be brought into line with costs because they varied greatly throughout Europe and dded that telephone administra tions must not be allowed to cross subsidise their competitive services

Neither side is yet releasing details of the size of their investment, nor of the capitalistion of the holding company which they have agreed to set up. The accord has been established by letter of intent, and it is not known when it will be put into operation.

It is the latest in a series of new ventures put together by Enichem which include two agreements with Arco Chemical covering the production and marketing of thermoplastics in the US and of tecnoresins in Europe.

A joint receive in the US and of tecnoresins in Switching.

Europe.

A joint venture is also being set up with Du Pont for the supply of polyethylene conductors to the gas a share, in the period ended September 20 common of the company which is 52.3 per a share, in the period ended September 20 common of the company which is 52.3 per a share, in the period ended September 20 common of the company which is 52.3 per a share, in the period ended September 20 common of the company which is 52.3 per a share, in the period ended September 20 common of the company which is 52.3 per a share, in the period ended September 20 common of the company which is 52.3 per a share, in the period ended September 20 common of the company which is 52.3 per a share, in the period ended September 20 common of the company which is 52.3 per a share, in the period ended September 20 common of the company which is 52.3 per a share, in the period ended September 20 common of the company which is 52.3 per a share, in the period ended September 20 common of the company which is 52.3 per a share, in the period ended September 20 common of the company which is 52.3 per a share, in the period ended September 20 common of the company which is 52.3 per a share, in the period ended September 20 common of the company which is 52.3 per a share, in the period ended September 20 common of the company which is 52.3 per a share, in the period ended September 20 common of the company which is 52.3 per a share, in the period ended September 20 common of the company which is 52.3 per a share, in the period ended September 20 common of the company which is 52.3 per a share, in the period ended September 20 common of the company which is 52.3 per a share, in the period ended September 20 common of the company which is 52.3 per a share, in the period ended September 20 common of the company which is 52.3 per a share, in the period ended September 20 common of the company which is 52.3 per a share, in the period ended September 20 common of the company which is 52.3 per a share, in the period ended September 20 common industry and another with Baker tember 30, compared with \$59m, or Perkins Chemical Machinery for 25 cents, in 1986. Revenues climbed producing films in linear polyethy-lene. to \$1.16bn in the latest quarter, up from \$1.03bn a year ago. Per-share

Morgan Stanley doubles quarterly net earnings

account rose to \$130.2m from

In the current quarter, "our whole

a business and financial point of

In the nine months, Morgan

BY JAMES BUCHAN IN NEW YORK

MORGAN STANLEY, the blue-chip Wall Street investment firm, yesterday reported a doubling of net income in the three months to Septomer in the three months are three months and the septomer in the three months are three months and the septomer in the three months are three months and the septomer in the three months are three months and the septomer in the three months are three months and the septomer in the three months are three months and the septomer in tember and said that it had ridden the turmoil in the stock market S91.3m, despite the fall in fixed-in-without serious mishap. S91.3m, despite the fall in fixed-in-come markets during the quarter.

At the same time, American Express, the financial services group worldwide system and risk controls which reported a small decline in have performed exceptionally well third-quarter earnings, said that its Shearson Lehman subsidiary was well-equipped for turbulent mar-

Morgan Stanley reported earnings of \$72.9m, or \$2.82 a share, in In the September quarter, against \$39.5m, or \$1.57, in the same period of 1988. Revenues net of interest ex-

American Express reported thirdquarter net income of \$264.9m, or 60 cents, against \$292.9m, or 66 cents. Revenues were \$3.95bn against \$3.55bn.

The group was held back by its smaller share of earnings from Shearson after this year's sale of a

But the group said that Shearson's "unique business mix with its diverse revenue streams, together with its strong capitalisation, will be positive factors in these times of

#### ITT lifted by strong casualty **business**

By Our Financial Staff

FIT, the US financial, industrial and travel conglomerate, an-nounced a 70 per cent increase in earnings for the third quarter with net income rising to \$210m, or \$1.39 a share, compared with \$126m, or 82 cents, in 1988.

In the nine months to end-September, net income climbed to \$637m, or \$4.19, from \$392m, or \$2.57, last year.

Sales and revenues, including finance and insurance, rose 11 per cent to \$4.8bn in the quarter, from a restated \$4.3bn in 1986. Nine-month sales were \$14.3bn, a rise of 13 per cent over \$12.7bn in 1986.

Diversified services gained ground, largely due to strong doestic casualty business in the Hartford operations. The life insurance division also benefited from tax reforms, helping to offset negative impacts in group medical re-

#### **UBS** reports brisk rise in business

By William Dullforce in Geneva UNION BANK of Switzerland yes-terday reported a brisk rise in busi-ness in the third quarter. Without stating profits, it predicted a "favourable" result for 1987 as a whole. Lest year Switzerland's biggest bank posted a 12 per cent rise in net

earnings to SFr?76m (\$517m). upswing in recent months, UBS said, following a slight slowdown in the first half.

producer, in the third quarter.

The company reported net profits
of US\$122m, or 72 cents a share, up
from \$62m, or 36 cents, a year earlier.

The company reported net profits
townes a year earlier. Average
prices received for ingot and fabricated products were up substantial-Pressure on margins and slow growth in volume continued to from \$62m, or 36 cents, a year earli-cated products were uncharacterise interest operations in er, on revenues of \$1.72hn against by from a year earlier.

# **Amoco bounces back with** \$116m third-quarter profit

BY OUR FINANCIAL STAFF

AMOCO, the leading US oil group, reported a turnround in the third quarter, registering earnings of \$116m against a \$32m loss in the corresponding period last year.

Net operating income came to \$412m, or \$1.60 a share, compared with \$174m, or 68 cents. Revenues climbed to \$5.72bn from \$4.48bn.

Amoco said the results had been boosted by its US exploration and production operations and reflected higher crude oil prices and reduced exploration costs. Higher liquids production and savings from cost Sea. control efforts were also a factor. Amoco said its foreign operations had earned \$114m, up from \$38m a year ago. In chemical operations,

Amoco reported earnings of \$113m, jobs in the offshore industry during up from \$63m. 1988 and 1989. Third-quarter worldwide net

crude oil and natural gas liquids production averaged 793,000 barrels a day, against 790,000 b/d lest time.

The 1966 quarter's earnings exchairman, said the recent massive properties. This left final net earnings at \$13m, or 5 cents.

Earlier this month Amoco announced plans for a £88m (\$145m) investment programme in the southern gas basin of the North tations. He said he expected the

The investment, which will increase the reserves of the large Leman and Indefatigable gas fields, is expected to create several hundred

The gas discovery was one of a series of gas finds made recently in Mr Alfred DeCrane, Texaco clude a special one-time charge of stock market correction could affect \$162m for impairment of unproved any out-of-court settlement of the company's \$10.3bn legal dispute with Pennzoil.

Texas State Supreme Court to over-

### Nortel shows 11% advance on growth in switching

BY DAVID OWEN IN TORONTO

world's largest supplier of fully digi-tal telecommunications systems which this month bought 27.8 per cent of Britain's STC, reported an II per cent increase in third-quarter

NORTHERN TELECOM, the earnings have been adjusted to re-terminals revenues were, however, flect a two-for-one stock split in below 1988 levels.

May 1987. While US and

\$161m, or 69 cents, on revenues of

\$3.07bm a year earlier.

In addition to the growth in cenlatest results reflected ongoing proprises, also benefited from in- fourth-quarter earnings to exceed creased transmission and cable and the comparable year-ago level, beoutside plant revenues.

Nine months' earnings rose 20 continued to rise, international per cent to \$193m, or 82 cents a revenues trailed year-ago figures, share, on revenues of \$3.55bn, from the company said.

outside plant revenues. cause of continuing inprovement in Integrated business systems and gross profit margins," he added.

#### Xerox books advance of 20%

BY OUR FINANCIAL STAFF

XEROX, the diversified US produc- 1986 included a one-time \$42m gain

\$423m, or \$3.92, from \$377m, or \$3.51, a year earlier. Nine-month revenues advanced 16 per cent to \$10.7bn from \$9.2bn in 1986.

Net for the first nine months of remain on track for a good year."

BY OUR MONTREAL CORRESPONDENT

**Alcan Aluminium surges** 

ahead in third quarter

Included in net income in the er of copying and duplicating marrelating to the adoption of Financial and systems increased by 11 per 1987 quarters was a loss of \$16.2m, chines, yesterday posted a 20 per Accounting Standards Board opinor 11 cents a share, for reserves set cent rise in third-quarter net in ions on accounting for pension \$2.50m in 1986. Income from this

Included in net income.

1987 quarters was a loss of \$16.2m, or 11 cents a share, for reserves set come to \$134m, or \$1.23 a share.

Several investments. The 1985 period last several investments for the comparable period last year the figures were \$112m, or \$1.21 cents in third-quarter net in come to \$134m, or \$1.23 a share.

For the comparable period last year the figures were \$112m, or \$1.101. Net income in the nine-month and chief executive, said he was pleased with the results. We sustained the momentum of the first nancial services arm, contributed \$69m to third-quarter income, 31 per cent more than 1986. This remains through a combination \$69m to third-quarter net in of good revenue growth and aggressive cost controls in business products and systems and continued

per cent more than 1986. This re-flected the strong performance by Crum and Forster, the company's insurance subsidiary, and Xeron

#### Dispute with Jamaica to go to court

By Cample James in Kingston

STRONG DEMAND for ingot and America and Asia. Efforts to cut fabricated products in addition to overheads during the past two higher world prices brought a doubling in earnings for Alcan Aluminium, Canada's largest aluminium forms totalled 1.6m tonnes in the forms totalled 1.6m tonnes in the first nine months, up from 1.59m A DISPUTE between the Jamaican Government and Alcan over production levels at the company's go before law lords next month. Lord Crosskill will be the sole ar bitrator in deciding whether the terms of a joint-venture mining agreement between the company and the Government give the Gov ernment the right to require the

company to operate its refineries at optimum capacity. Lord Crosskill is also to decide whether output by Alcan in excess of the company's needs should be sold to the Government at produc

Benckiser Italiana S.p.A.

a wholly owned subsidiary of

Joh. A. Benckiser GmbH

has acquired

Soilax Italia S.p.A.

The undersigned acted as financial advisor to Joh. A. Benckiser GmbH in this transaction.

MORGAN STANLEY INTERNATIONAL

July 1, 1987

# Alcan said that the rise in de-mand covered nearly all its markets improved significantly while Brazil-in North America, Europe, Latin ian operations were little changed.

NORTH AMERICAN QUARTERLY RESULTS

ALEXANDER'S Department stores		Het income	146.6m 2.44	130.4m 2.21	CHAMPION SPARK PLUG Spork piogs			DESOTO Coatings, specialty products	-	
Fourth quarter   1967   1968   1967   1968   1968   1969	0.19 520.1m	Net income	1967 \$ 228.9m 25.3m 0.83	1986 \$ 190.1m 20.7m 0.69	Het tocome Het per store Hing mostics Reviews Met Income Hint per store	1987 \$ 226.7m 4.70m 0.12 737.7m 19.3m 0.50	1986 \$ 219.4m *14.8m 0.39 653.7m *18.7m *0.49	Third quarter Revenues	1.8m 0.47 308.2m 20.8m 2.74	19 107. *3. *0.
AMÉRICAN PRESIDENT COMPANIES Shipping		Net income	60.1 <sub>88</sub> 1.97	526m 174	COLT INDUSTRIES Acrospace, automotive erack			E-SYSTERICS Military, commercial electron		
Third quarter   1987	1986 \$ 354.2m 13m 0.25 1.68m 7.8m 0.30	BURLINGTON NORTHERN Railroads, resources  Third quarter Revenues Ret income Net par share Nice worth Revenues Net per share	1987 \$ 1,68m 127m 1.70	1986 169m 1003m 125 469m 436.8m	Third quarter Revetures Revetures Rel income Note por share Note months Revenues Rel income Net por share ConsmitMCATYONS SATE	1987 \$ 384.2m 35.7m 0.97 1.27bs 60.2m 1.71	1986 \$ 386.8m 24.5m 0.15 1.2m 79.9m 0.48	Net income  Net per share	1987 \$ 9m 15.8m 0.51 911.7m 42.7m 1.38	1986 \$ 283.6 16.6 0.1 834.1 46.1
Soyabean processing, militing  First quarter Net income	1986 \$ 64.9m 0.38	CAPTER HAWLEY HALE STO Retailing  Second quarter		1986 \$ 661.2m	Satelile communications  Third quarter Revenues Het income Net per store	1967 \$ 82.6m 24.0m 1.31	1986 * \$ 72.8a 9.8a 0.54	Third quarter Revenues Het lacone Nel per stare Hase quarter Hase quarter Revenues	1987 \$ 647.2m *7.85m *1.24 1.91be *23.2m	198 5 579. 6.3 1.74
Banking   1987	1986 \$ 57.3m 0.86	Op net per sh	*5.04 1.16bn 207.3m *6.06	0.03 1.290s 13.0m *0.10	Revenues  Net Income  Net per stare *Loss	251.5m *51.3m *2.80	226.4m 37.8m 2.06	*Loss GILLETTE Toliatries, cognetics	*4.11	_
Nine months Net Income	154.au 2.34	PLES CBST SANKSHARES Sanking	·····		DANA Vehicle parts	ING/	1986	Third quarter Reserves	1987 \$ 776.7m 58.6m	198 \$ 69
BARNETT BANKS Banking 1987 Third quarter 4 44945 22-Shn	1986 \$ 29.000	Third quarter Set lacoure Net per store Sine scotts	1987 \$ 7.0m 0.36	1986 \$ 5.2m 0.27	Third quarter Revenues Hete locure Hete per starre Hine mentics Revenues Hat income	9.85 3.150 11.60	889m 12.2m 0.24 2.8m 85.8m	Net per share Nine modils Revelopes Not income Not per share	0.51 2.3km 171.6m 1.49	2.03 140. 1
Net income 51.4m	**.7E	Het income	0.50	14.9m 0.77	Het ptr start		164	Continued	on Pa	ze 4

£75,000,000

information will apply:

Payment Date:

3. Interest Payment

Interest Period

**NOTTINGHAM AND** 

**NOTTINGHAMSHIRE** 

The Financial Times is

proposing to publish this

Survey on

TUESDAY

**NOVEMBER 3 1987** 

For full details, contact: ANTHONY HAYES

on 021-454 0922

FINANCIAL TIMES E**arepe's Busines**s Newspaper

Interest Amount per

22nd January 1988

U.S. \$10,000 Note due

Date:

1. Rate of Interest:

Co-operative Bank p.l.c.

Holders of Floating Rate Notes of the above issue are hereby notified that for the interest period from 21st October, 1987 to 21st January, 1988 the following

21st January, 1988

10% per annum

22nd October 1987

22nd January 1988

6 % % Convertible Subordin Debentures Due 2002

As Trustee October 16, 1987

EMHART CORPORATION By Citibank, N.A.

U.S. \$255.56

Subordinated Floating Rate Notes 2000

2. Interest Amount payable on Interest

Bank of America International Limited

U.S. \$60,000,000

Industrias Peñoles, S.A. de C.V.

Floating Rate Notes Due 1989

**Credit Suisse First Boston Limited** 

Eni International Bank Limited

ECU 135,000,000 Guaranteed Floating Rate Notes due 1992

Ente Nazionale Idrocarburi

In accordance with the terms and conditions of the Notes, the rate of interest for the interest period

October 22, 1987, to January 22, 1988 has been

fixed at 81/4% per annum. Interest payable on January 22, 1988 will be ECU207.64 per Note of

Morgan Guaranty Trust Company of New York

London Branch

#### INTL. COMPANIES & FINANCE

# Restructuring at Boliden assists return to black

105/16% per annum Per £5,000 nominal or Per £50,000 nominal

Profits (after financial items) turing have fallen to SKr70m, for the first eight months compared with SKr779m last reached SKr286m, compared year, but this year the group with losses of SKr987m in the will have to bear costs of about first nine months of 1986. Boliden has changed its interim re-ports from three-month to four-

month figures.

Group sales totalled SKr8.487bn in the first eight

BOLIDEN, the Swedish mining, en under new management. The sion has been positively affect metals and chemicals group, regroup has been organised into ed by the increase in non-ferported an about turn in interim five main business areas - minprofits and said that profits (afing and metals, chemicals,
summer months, though the inter financial items) for 1987
wholesale, contract work, and
trading and industry.

Costs associated with restructrains for the financial items.

Costs associated with restructrains for the financial items.

Copper and silver prices showed a strong increase in prices, but zinc prices were less favourable due to the over-pro SKr100m in connection with its duction of zinc lu Europe.
Roeunskaer smelter which has The chemicals division, which Roennskaer smelter which has been ordered to reduce sulphur specialises in inorganic chemi

cals for the agricultural, cleaning and pulp and paper sectors, showed an improvement in results. Boliden's wholesale division

#### extraordinary items Boliden's recovery is due to compared with SKr557m the restructuring measures tak-

Sharp rise in Allegis earnings

Results have been boosted by

dioxide emission.

ALLEGIS, the US airline and hotels group which is reversing its former policy of building a its former policy of building a full-service travel company, yesterday posted a sharp rise in third-quarter net operating earnings, to \$77.6m or \$1.33 a share from \$30m or 66 cents, helped by a strong performance at United Airlines.

Chicago-based Allegis said net earnings at the airline rose

77 per cent in the quarter, despite a 15 per cent increase in

The airline's third-quarter tained.
net income rose to \$84m from Rever
\$48m last year. A 38 per cent into \$2.26 crease in fuel costs was the largest factor in higher expenses. Allegis' Hilton International, Hertz and Westin Hotels units, which are being divested under a restructuring programme, are included as discontinued operations.

4.2.7 a state: Revenues were up at \$6.19bu against \$5.26bu against \$5.26bu against \$5.26bu against \$6.19bu against \$5.26bu against \$6.19bu against \$5.26bu against \$6.19bu against \$6.19bu

legis last year, is being re- for the nine months.

Revenues in the quarter rose to \$2.26bn from \$1.96bn. For the nine months, operating net profits were \$76.2m or \$1.38 a share, against a loss of \$90m or \$2.07 a share. Revenues were up

operations.

United Airlines, which generated 77 per cent of revenues but just 18 per cent of profits for Alassa share against \$115.2m or \$2.64

# **Exchange factors hold back Abitibi**

ter. The proceeds will be used to reduce its heavy debt.

ABITIBI-PRICE, Canada's lar- cluding the managers of Bomgest newsprint producer, had a strong third quarter with higher product prices but, because most of its sales are in the US, division in Selkirk, Manitoba, most of its sales are in the US, exchange factors limited the

gain in earnings.
Third-quarter profit was
C\$33m (US\$25m) or 45 cents a
share, against C\$31.1m or 42 **EMHART CORPORATION** cents, on revenues of C\$750m against C\$716m. The Canadian Debentures Due 2002

Pursuant to Section 1205(b) of the Indenture dated as of July 19, 1967 between Emhart Corporation and Citibank, N.A., Trustee, NOTICE IS HEREBY GIVEN that, effective September 11, 1987, the conversion price 1st which the above-described Debentures may be converted into common stock of Emhart Corporation has been adjusted to \$28,50 a share from \$53,00 a share. dollar strengthened considerably in the third quarter.

Nine-month net profit was
C\$91.1m or C\$1.23 a share,
against C\$81.3m or C\$1.11 a year

Bomag, which had sales of US\$200m last year, makes equipment mainly for road-building. Amca, a star performer in CP's diversification in the late earlier, on revenues of C\$2.2bn against C\$2.1bn. 1970s, has never fully recovered from the 1982-1983 recession. •Amca International, the heavy equipment and machine

One of its main activities is making equipment for the offtool subsidiary of Canadian Pacific, plans to sell its Bomag shore oil industry.

C\$1.32 a share construction machinery division to a European group in
1987 it posted a loss of US\$9.4m a year earlier.

on revenues of US\$300m, against a loss of US\$49.8m on revenues of US\$838m a year

earlier.

A court order has released
GEAC Computer, Canada's only
mainframe computer maker. and another subsidiary in the US is on the block. Amca exfrom receivership. About 600 unsecured creditors have accepted a package of shares and cash, and if a turnround in the pects to realise about US\$100m from these disposals, mainly from Bomag, in the fourth quarbusiness continues they stand to get full payment.

Management has been strengthened and GEAC's inter-national order book for specialised financial industry and library computer systems is improving.

Domtar, the pulp and paper,

building materials and chemi-cals group, earned C\$123m or C\$1.32 a share in the first nine months, against C\$96m or C\$1.06

#### **Tractebel** cancels BFr5bn rights offer

TRACTEBEL, the Belgian holding group with large energy, electronics, telecommuni-cations and engineering interests, has cancelled plans for a BFr5bn (\$132m) rights issue.

Subscriptions were to have opened yesterday for the issue of 820,316 new shares, but the group postponed the offering indefinitely in spite of a slight recovery in Belgian share prices from the spectacular collapse of a day earlier.

The group said its financial advisers had suggested a can-cellation because of the market's continuing vulnerability and the uncertain political sit nation following King Bar-douin's acceptance of the res-ignation of the Prime Minister, Mr Wilfried Martens.

Tractebel shares opened yes-terday at BFr6,250, well below the BFr6,650 fixed for the rights issue, but were gaining during the afternoon.

The company said an issue date would be fixed and share-holders told "as soon as possi-

The world stock market The world stock market downturn could leave Tractebel with a big loss on its hands in the shape of Contibel, the UK-based integrated oil group, for which it and Groupe Bruxelles Lambert paid £448m (\$739m) in July.

Contibel has the balk of its assets invested in Belgian utilities and a 72 per cent stake in

ities and a 72 per cent stake in Petrofina, the oil exploration group. Tractebel was forced to increase its offer by more than \$50m from the original £395m.

#### **Income soars** at Air Malta

AIR MALTA pre-tax profits soared to ML3.56m (\$10.3m) last year, the highest in the company's 11-year history, spurred by a recovery in Malti's tourist industry, writes Godfrey Grima in Valletta.

The national carrier has for some years been hattling to cut costs while expanding - three costs while expanding - three Boeings and an Airbus A320, costing \$160m, are due to bring the fleet to nine aircraft by 1990. Mr Albert Mizzi, chairman, said an increase of more

than 50 per cent in charter operations last year aided prof-

# **DnC** shrugs off slow start to post \$45m eight-month profit

Total assets for the group incent higher than the 1986 peri-

DnC says that the need for continued write-offs in the shipping and offshore sectors has been substantially reduced. The situation for domestic industry is significantly different, however, and substantial write-offs will be necessary.

Although the operating profit for the period fell to NKr875m from NKr986m, this was offset by a reduced need for loan-loss

Increased interest expenses have not been offset by a corresponding increase in the interest income was further reduced from 2.94 per cent of average total assets for the Norway unit were reduced from 3.29 per cent of average total assets in 1986 to 3.02 per cent. DnC says that the need for

DEN NORSKE Creditbank provisions.
(DnC), Norway's largest bank.

The bank says developments gained momentum by the end of for its banking units abroad for its banking units abroad the eight-month period after a vary. The sharp increase in the slow start earlier in the year US interest rate has resulted in recorded net profits of losses in the loreign exchange NK:300m (\$45.4m), against and securities sectors for some NK:203m in the same period of the units, and the results are not satisfactory.".

For DnC Norway, gross caracreased by NKr4.9bn during the ings have been maintained at a period to NKr24.4bn, 22.7 per "satisfactory level" although the interest margin has remained

increased interest expenses

#### Alfa-Laval plans sale of fish-feed subsidiary

BY OUR STOCKHOLM STAFF

ALFA-LAVAL, the Swedish ricultural operations as origi-dairy equipment and process nally expected.

ures have not been released.

engineering group, plans to sell

EWOS, its fish-feed subsidiary,
to Finnish Sugar by the end of
this year. Negotiations are un
analy expected.

Besides its fish-feed side,
EWOS is also involved in the animal-health business and manufactures fish-breeding equipder way.

EWOS has annual sales of Sweden, Norway and Scotland, SKr540m (\$94.7m), employs 390 and it has started a joint venant is profitable - though fig-ture in Iceland.

It is the Swedish market lead-Although Alfa-Laval has reer in the fish-feed business, cently pursued a steady acquisition policy in an attempt to concentrate its business areas, it
has decided to sell EWOS as the
company does not fit in with ag-

#### Norsk Hydro issue hitch

NORSK HYDRO, Norway's biggest diversified corporation, said it might postpone a planned NKr3bn-3-5bn (\$528m) reconsider the launch date if the markets fall further.

We will hold an extraordinary general meeting on No-

Hydro added it would withhold its third-quarter results, scheduled for today, until next month, after it had prepared a balance sheet required by the US Securities & Exchange Comitsion in connection with the launch the issue, Scandinavia's biggest ever, on November 27. issue in New York.

nary general meeting on November 5, giving the board authority to go ahead with the

GATEWAY TO THE WORLD. FRANCE TELECOM INTERNATIONAL TELECOMIC Telecom 87-5th world telecommunication exhibition Palexpo-Geneva-October 20 to 27th 1987

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FRANCE TELECOM INTERNATIONAL





# Prices end mixed after a relatively calm day

ended in Europe as much as 1/2 point down on its finish Tuesday, although it was still higher than at its close in New York

that night Eurodollar bonds ended the day mixed in London, paring the modest gains of the morning in the afternoon. Trading activity picked up compared with Tuesday's session when the sector was virtually closed by

sharp price swings.

However, a number of traders complained that even yesterday the liquidity of the Eurobond market was being impaired by houses which were not open for trading. One dealer estimated that only half to three-quarters of market makers were effectively trading yesterday afternoon.

This lower liquidity in Euro-bonds, and the flight to quality resulting from the stock market collapse earlier in the week, had resulted in a widening of spreads between corporate and US government bonds. For ex-ample, a benchmark issue for the World Bank, the 9 per cent larly hard hit on Tuesday recovbond maturing in 1997, was bought last week at about 66 basis points over the equivalent to 87. Sanwa Bank's SFr200m US Treasury bond. This week, it bond rose 8 points to 83.

esterday. 1992 maturity, and a coupon of 3
The US Treasury bond market per cent for years one and two, and a 7.7 per cent coupon there-after. It was priced at 100% and

led by Mitusi Trust.
Japanese equity warrants
moved sharply higher, helped
by the more positive sentiment
in equity markets. Rising 10 to

INTERNATIONAL ` BONDS

15 per cent in 45 minutes as Wall Street moved ahead yes-terday afternoon, warrants for Japanese exporters finished the Japanese exporters finished the day up to 30 per cent higher.

convertibles, Japanese convertibles, though, which are mainly con-centrated in the financial sector, closed lower. The market closes too early for Wall Street's gains to have fed through into the market yesterday. Worries about the health of the financial institutions in current market conditions refused to lift.

In Switzerland, however, convertible issues by Japanese banks which had been particuwas bid at 80 over.

Euroyen bonds closed between 34 and 34 points better,
benefiting from some demand subscription period for a Thom-

AFTER TWO days of violent gyrations, international bond issue was for Skopbank, the equity warrants has been exmarkets were relatively calm 28. It has been quoted 11 points below issue price in the grey

> In West Germany, domestic bond prices were mixed as prices of some older Federal lower-yielding bonds fell into line with recent higher-yielding ones. Price changes ranged from gains of % points to losses of the same amount. The yield differential between Federal and supranational issues has narrowed to 4 or 5 basis points. D-Mark Eurobonds were steady

D-Mark Eurobonds were steady to slightly higher, with the African Development Bank issue, carrying a 7 per cent coupon, rising a point to 98% bid.

In France, there were further limit gains on the financial futures market and bond markets ended slightly firmer after a day of fluctuations. In the Ecu sector, prices ended % to ½ points firmer on scattered investor demand in active and nervous trading. Swiss straight nervous trading. Swiss straight bond prices recovered about 1/2 point. Kyushu Electric Power's SFr150m 51/2 per cent seven-year issue, priced at par, was bid in the grey market at less 11/4

Launched late on Tuesday evening by Credit Suisse First Boston was a C\$50m issue for DNC International Finance, with a 2 year maturity, 114 per cent coupon and 112.625 pric-

## Williams Holdings to raise £100m

WILLIAMS HOLDINGS, a UK credit is more than a quarter ing group, has a £125m pro-engineering concern, has man-drawn. gramme arranged by County dated Barciays de Zoete Wedd Separately, a US subsidiary of NatWest with BZW and Midland engineering concern, has man-dated Barclays de Zoete Wedd to arrange a £100m multi-option Petrofin

The facility includes a five-tear standby with a margin of 10 partial year standby with a margin of 10 basis points above London interbank offered rates, and an underwriting fee of 6.25 basis points if the light fee of 2.5 basis points if the light fee

roler 4% 97\_

Petrofina is to have a \$600m Eufacility, the latest in a string of rocommercial paper pro-British companies to arrange gramme with Citicorp Invest-such funding.

Montagu as additional dealers. De La Rue, the UK printing concern, has appointed BZW and Midland Montagu as dealers for a £50m programme. Cassa di Risparmio di Firenze, an Italian savings bank, has arranged a \$75m Eurocerti-

#### FT INTERNATIONAL BOND SERVICE

Listed are the latest internal	tional bonds for		asequate secondary market.	Closing prices on October 21.
US DOLLAR STRAIGHTS ! Abbey National 7½ 92	100 91% 9	Change on er stay week Yield 17: +17: +27: 9.95	YEN STRAIGHTS I	sued Sid Offer day week Yield . 45 90°s 91.+0°s+0°s 6.35
All Nippon Air 93 97.	300 894 9	04 +23 -04 11.09 54 +04 +24 10.09	E.I.B 45 <sub>1</sub> 94	40 90% 91% +0% 0 632
A/S Eksportfinnes7's 93	100 874 8	34, +04, +14, 10.35 34, +23, +02, 10.20	Kassai Electric 4% 94	60 90'2 90'3 +0'3 -0'3 6.40 60 92'5 95'6 +0'3 -0'6 6.10
Belgium 91 <sub>8</sub> 92 British Telecom 75 <sub>8</sub> 96	400 96% 95 250 82 83	34 0 +1½ 10.05 54 +3% +0% 10.84	Norway 41, 92 S.N.C.F. 41, 93 Sweden 51, 95	20 934 94 0-04 6.27 20 954 954+04-04 6.36
British Telecom 84 94 Campbell Som 102 95	100 101 101	94 +4½ +2¼ 10.18 ¼ ~0¼ +1¾ 10.25	Average price change	On day +012 on week -014
Canada 9 96	100 995 100	15 +14 -04 10.59 15 -04 -04 10.72	OTHER STRAIGHTS 1	Change on mored Bid Offer day week Yield
C.N.C.A 74 91	150 894 9	N <sub>4</sub> +0 <sup>2</sup> <sub>2</sub> +1 <sup>3</sup> <sub>4</sub> 9.62 N <sub>4</sub> +1 <sup>3</sup> <sub>2</sub> +0 <sup>5</sup> <sub>4</sub> 10.35	A/B Electrokor14 <sup>1</sup> 2 90A\$ American Brand 9 <sup>1</sup> 2 94 £ American Express 0C 10 94	50 100% 101% +0% -1% 13.65 50 191% 92% 0 -2 11.26 40 194% 95% 0 -2% 11.13
Coca - Cola Ent. 84, 90	200 9712	75 -1+15 9.35 98 +25 +15 9.78 05 +25 +05 10.11	Bergee Bank 15 90 AS	40 1945, 954, 0 -25, 11.13 50 1995, 1005, +04, -12, 14.81 75 1015, 1015, +03, -15, 13.30
Credit National 7% 92	150 904 9	05 +24 +05 10.11 14 +15 +05 9.99 94 +14 +04 10.35	Chrysler Cop 10 91 C\$	75 97% 97% +1% +0% 10.05 600 *103% 104% 0 -0% 8.13
Denmark 84 91.	300 195%, 9	64 +04 +25 9.55 14 +24 +1 9.74	Creditanstalt 141 <sub>8</sub> 90 Denmark 71 <sub>4</sub> 92 ECU	60 t100° 101 +0° -17 13.67 100 477 98° 0 -0° 8.35
E.E.C 84 96	250 87% 8	B <sup>1</sup> 4 -0 <sup>1</sup> 4 +1 <sup>1</sup> 4 10.21 74 -0 <sup>1</sup> 6 +2 30.50	DG Fin. Co. 13% 90 AS DG Fin. Co. 14 90 AS	50 101½ 101½ +0¾ -1¼ 13.16 75 1100% 101¼ +0% -2% 13.44
E.I.B. 75, 93.	100 B94 8	94 +25 +24 10.01 24 -04 +13 10.69	DG Finance 14% 92 AS Deetsche Bank 9% 97 E	50 1103 103½ +0½ -3 13.30 75 192% 93% 0 -2% 11.08
Fioland 7% 97	200 835 8 200 874 8	44 +052 +17 10.68 74 +24 +052 10.44	Deutsche Bk.144, 92 A\$ Dresder Re.134, 91 A\$	100 1102 1025 +05 -2 13.47 100 1992 100 +04 -14 13.89
Ford Motor Cred 113 90	100 +103 10 200 +100 10	372 +072 +072 9.69 072 0 -072 10.20	E.I.B 73 91 ECU E.I.B 85 93 LF	100 *95½ % 0 -1½ 8.66 1000*1102½ 103½ 0 -0½ 7.89
G.M.A.C. 8 <sup>1</sup> 4 89	200 1994 9	95; +13; +03; 8.61 87 +35; +25; 10.51	Euratom 71 <sub>3</sub> 97 ECU	145 *845 845 0 -35 9.98 300 975 975 -05 -05 6.67
Hoesch 7% 92	300 187 <sup>1</sup> 2	44 +14 +15 9.06 90 +34 +24 10.10	Ford Mtr. Cred 134, 91AS	75 1994 1004 +04 -14 13.72 50 1934 944 +04 -14 10.64
Liberty Mutual 8º2 96 L.T.C.B of Japan 8 93	100 93 9	7 <sup>1</sup> 2 0 +0 <sup>1</sup> 3 10.83 3 <sup>1</sup> 2 +1 <sup>1</sup> 3 +0 <sup>3</sup> 3 10.21	G.M.A.C. 94, 92 C\$	75 954 964 +14 +09 10.36 50 1999 100 +04 -2 14.03
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Prodential Crp. 64, 94	125 193 9	71 <sub>2</sub> -1 +07, 10.49 31 <sub>2</sub> +41 <sub>4</sub> +2 10.16	Nat. Australia 14 92 AS	150 975 984 -04 -05 6.60 50 1994 1004 +65 -17 0.14 75 1995 95 0 -2 11.44
Qantas Airways 103 95 Republic of Italy 9 90	300 +1974 9	00 +1 +23 10.40 7 0 -03 10.06	New Zestand 74, 93 ECU	200 *91 915 0 -25 9.57
Saah Scania 91 <sub>2</sub> 91 Saakaachewan 101 <sub>4</sub> 92	100 1103 10	04 +04 +14 9.42 342 +042 +24 9.77	Prodential Fin.9% 07 6	150 1854 854 +14 -02 11.24
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Talyo Finance 7% 94	100 86 <sup>1</sup> e 8	416 -1 +012 10.15 612 +014 +114 10.87 812 +114 +012 9.12	World Bank 111, 95 £ World Bank 133, 92 A\$	100 +102% 102% +1% -0% 10,70 100 +99% 100% +0% -1% 13,33
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Convertible Roods: Despringeries de dollars unless otherwise indicated.
Clag. day=Change on day. Our date=First date of conversion into
shares. One price Nominical acoust of bord per share expressed incorrency of share at conversion rate fixed at same. Prem=Percentage
president of the corresponding price of acquiring shares via the bond
over the most recess price of the shares.

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#### France to reduce borrowing this year

MR EDOUARD BALLADUR,

the French Finance Minister, plans to reduce government berrowing in the market for the rest of the year. He has been concerned for

some time at the high level of long-term real interest rates, both in France and across the Atlantic. The ministry will now make greater use of floating-rate borrowings, short-term Treasury bills and ing-rate interest rate swaps, all with the aim of reducing longer-term French luterest rates. Total government borrowing

Total government borrowing this year was originally forecast at FFr128bn to FFr149bn, a target later lowered by FFr28bn. Mr Balladur said yesterday that government borrowing would now be limited to FFr98bn, thanks to tight budget management and to the greater than expected receipts from privatisations, which have been used mainly to retire state debt.

The package of measures he announced yesterday does not

The package of measures he announced yesterday does not appear on its own to have satisfied bond dealers. Mr Andre Roquesalane, chief dealer at Banque Nationale de Paris, said: "FFr10ba more or less is not going to make the difference. The cold analysis is that the market is still in very bad shape."

But Mr Herve Huas at Morgan said the moves went in the right direction. The Govern-ment wants it understood that long-term rates are excessively high and that it is is not pre-pared to borrow whatever the rate."

Primary dealers were called into the French Treasury yes-terday evening for a pep talk and for an explanation of the new measures.

The Treasury has completely-overhanded its methods of gov-ernment debt management-over the past two years, moving towards an auction system, and the new measures represent a further technical advance. It has already swapped two batches of fixed-rate bonds into floating-rate debt, working with Credit Lyonnais, the

Caisse des Depots and Credit Agricole. France is believed to be the only government so far to have used the swap technique.

The Government began issuing tranches of a 12-year floating-rate bond earlier this year, indexed on the regular Treasury bill auctions, and this bond is now expected to be forward.

The French band market has suffered for a number of years from a slow drain of money in-to equities, but the Govern-ment has been anxious not to exacerbate this effect through its privatisation programme, which has further boosted the

State bond issues in January to August totalled FF167.5bn, down 39 per cent from the same period of 1986. If state-ewned institutions are also when institutions are also taken into account, total public sector borrowing of FF195.9hn was down \$6 per cent from the same period of 1986. Over the same period, pri-vate sector band issues in-

creased fractionally to Ffries. show, while total new equity issues, barring the privatisations, rose 12 per cent to Ffri16bn.

#### Eight-month results from Gota

By Our Stockholm rrespondent

GOTA, the Swedish banking and financial services group created at the end of last year, has reported profits before extraordinary items of SKr652m (\$102.4m) for the first eight months of 1987. Group income totalled SKrl.95bn, with interest accounting for SKrl.19bn. The new group includes investent and commercial banking, ockbroking, and property and

leasing companies.

While no comparison with last year is pessible for the group as a whole, comparable results for two of the banking subsidiaries are available: Go-tabanken (in which Gota has an 82 per cent share) showed a 7 per cent increase in profits before extraordinary items at SKr353m, while Wermlands-banken (in which Gota has a 67 per cent stake) reported a 24 per cent fall in profits to SKr113m. Gota said that it has worked

on structuring and organising the group so far this year and that it sees numerous possibilities for development in the fu-ture, both in terms of custom-ers and for spreading the cost of computerisation.

Audiofina pays more AUDIOFINA, the helding company with a controlling stake in Compagnie Luxembourgeoise de Telediffusion (CLT), is increasing its pre-tax dividend in 1987 to LFr140 per share from LFr120 in 1986, Regier reports from Expresses. Renier reports from Brussels.

Audiofinz, which earns most of its income from CLT, bases its dividends on those paid out the previous year by CLT, the Luxembourg media group. Stephen Fidler on the flight to safety from worldwide equities

# Bond market euphoria abates

will it herald a new era for

The equity cult - the shorthand phrase to describe the effects of the five-year raily in world stock markets on both inestors and users of capital -

The funds which have been withdrawn from shares have to go somewhere, the argument runs; why not to the safety of the bond market, particularly if a recession is looming?

The theory which suggests timbling share prices will be followed by recession, and con-sequently lower interest rates, has had an emotional appeal in the frenzied atmosphere of trading rooms in recent days, but also contains more than a grain of truth. But is the prospect of economic downturn so much more like-ly this week than it was last, and

can it realistically overwhelm investor worries about infla-tion, the bond market bogey for tion, the bond market bogey for the last six months?

The drop on Wall Street cer-tainly will have an impact on the real economy in the US. Lower share prices shrink American household wealth, which can be expected in turn to lead to lower consumer spending. Companies suspend investment, since the value of

investment, since the value of their assets has been reduced

IF THE collapse of world stock and raising share capital be-markets this week marks the comes more expensive. by the Fed's words and actions abated somewhat and a more end of the cult of the equity, This reduction in aggregate cautious view prevailed. The demand would, other things be-ing equal, slow down growth whether the Fed and the other and could even bring about recession. All this, of course, should be good for the bond market, partly because the prospects for a resurgence of markets have to worry about

> The problem for investors in said Mr Keith Skeech, chief US bonds is that it ignores the economist at UK stockbroker actions of governments and James Capel.
>
> monetary authorities.
>
> Another green

Liquidity source

Mr Alan Greenspan, chairman of the Federal Reserve, said on of the Federal Reserve, said on Tuesday the Fed would be ready "to serve as a source of liquidity to support the economic and financial system." This statement and generous supplies of reserves to the banking system helped to push interest rates down that day for US government paper with maturities from one week to 30 years.

Central banks have learnt the lessons of the 1929 Wall Street crash. The Fed will, if it can, prevent the risk of recession brought about by financial accident. Such short-term aid can generally be given by central banks without long-term infla-

Yesterday, though, the bond market euphoria brought about

demand-led inflation are low-whether the central banks are trading inflation for recession."

Another great issue is whether the dollar can sustain its current value without a rise in in-terest rates, this week's reaffirmation of the Louvre accord notwithstanding. If lower interest rates are needed to stave off recession in the US, will this not push the dollar lower? Foreign and in particular Japanese buyers could still feel that the risks of holding bonds in a vulnerable currency demands higher yields.

In recent months, and in the gyrations of earlier this week, the other major bond markets have shadowed the US Treasury market. One of the main ques-tions is whether, or rather when the non-US bond markets

other markets, particularly France, the UK and West Ger-

many. Clearly, it is premature to suggest a complete rehabilitation of the bond markets by investors, although the pessimism about higher interest rates worldwide does now seem to have been as overdone as Tues-

day's rally in bonds.

Many investors, which have been progressively cutting the proportion of bonds held in their portfolios, are likely to de cide it is time to reverse that trend. Some US institutions, it is said, were doing this last week before the crash and must be feeling fairly satisfied with

#### Slower benefits

The benefits to the corporate bond markets will be slower and nobody is predicting that a flood of new issues will hit the Eurobond market. Corporate bonds are unlikely to be the number one stop for investors

seeking refuge from shares.

There has been a flight to safety element in the shift of funds this week to the bond market, resulting in widening can disengage themselves from spreads between corporate and the American market. If the link government bond issues. These is to be broken, as it will in will narrow only when the time, analysts such as Mr clouds of intense uncertainty Skeoch who are not positive currently covering financial about the prospects for US markets are blown away.

#### Stockholm bourse chief moots Nordic SEs link

STOCK EXCHANGES in the Nordic region may link in the place would be a political ques-future to allow share trading to tion, he said. The Government is take place among the four countries, according to Mr Bengt Ryien, head of the Stockholm

He said that, as the exchanges in Sweden, Norway, Denmark and Finland had either decided or were close to agreeing to buy new technology for automated share trading, the potential to link up existed and would pro-vide a first step towards global-isation.

However, he warned that the immediate barrier to such a link is the existing legislation in Sweden which prevents Swed-ish citizens from buying foreign shares without the permission of the Riksbank (the central bank).

Whether the link-up took reluctant to bring down the bar-riers, fearing a flood of Swedish currency out of the country.

A Finance Ministry official said that, while a joint Nordic exchange remained a technical possibility, a number of prob-lems existed such as deciding in which country the cross-border transactions should take place, and standardising insider trading regulations so that condi tions are homogenous within

Altogether there are 643 com Attogether there are out com-panies listed on the Helsinki, Copenhagen, Oslo and Stock-holm exchanges, but only 17 of these had a listing on another Nordic exchange last year.

#### Grey market venture for ex-Chemical Bank group

A GROUP of Swiss securities Switzerland, Swiss Bank Corpotraders who quit Chemical Bank's capital markets operation in Geneva last June is join-ing forces with American Express Bank (AEB) to exploit the grey market in Swiss bonds. AEB announced yesterday that it would subscribe two-thirds of the SFr30m (\$20m)

share capital in Amtrade Part-ners. The other third would be owned by 15 partners formerly employed by Chemical Bank Amtrade will specialise in pre-market trading in bonds before the end of the public sub-scription period for issues.

Chemical Bank and Citicorp pioneered this grey market in Switzerland. It is allowed in Geneva but not in Zurich and is

ration and Credit Suisse. Six of Chemical Bank's traders resigned last June, when Mr Jean-Claude Birchler, their general manager, was dis-missed after a dispute over management responsibilities.

They were later joined by nine other former Chemical Bank employees.

Mr Birchler is to be managing

director of Amtrade. Other se-nior partners will be Mr Andre Heusser, head trader, Mr Gilles Guerin, treasurer, Mr Jean-Pierre Merlo and Mr Andre Buhler, all formerly with Chemical Bank

In addition to trading in Swiss franc securities, including equi-ties, the new company aims to advise small and medium-sized frowned on by the big three advise small and medium-sized Swiss banks - Union Bank of companies seeking to go public.

# Swire Pacific Limited

# NOTICE TO SHAREHOLDERS

I refer to my letter to shareholders dated 8th September 1987, in which there were set out details of the arrangements in respect of settlement of interim dividends for 1987. The relevant prices at which new 'A' shares and new 'B' shares would be issued as scrip dividends in this connection were announced on 19th October 1987 and were HK\$26.80 per 'A' share and HK\$4.81 per 'B' share.

In the light of the extraordinary events which have taken place in financial markets over the last few days, the Committee of the Stock Exchange of Hong Kong Limited has announced the suspension of trading on the Hong Kong stock exchange for the period 20th to 23rd October inclusive. In these circumstances, the directors of Swire Pacific Limited feel that shareholders may wish to have additional time to consider their alternative choices regarding scrip dividends and therefore the original timetable, which had called for elections for the receipt of dividends in cash to be made by Friday, 23rd October, will be extended to Thursday 29th October.

Shareholders who have already elected for cash, or who have made permanent elections for cash need take no further action. Shareholders who have not yet made their elections or who have advised the Registrars that they wish to receive their dividends in scrip may, in the circumstances referred to above, wish to re-consider their positions and advise the Registrars accordingly. Such advice may be through the election forms provided or, if shareholders no longer have these, by letter.

Shareholders may contact the Registrars in Hong Kong or the Registrars' agents in the United Kingdom at one of the addresses shown below. Shareholders who take advantage of this extension of time and elect to receive cash may expect their dividend warrants to be posted on or before Wednesday 4th November. Shareholders who will have submitted their election forms by the original date of 23rd October, will be sent their dividend warrants on 30th October in accordance with the timetable previously announced.

ANY SHAREHOLDERS WHO ARE IN ANY DOUBT AS TO THE ACTION THEY SHOULD TAKE OR THE TAXATION AND OTHER CONSEQUENCES ARE URGED TO CONSULT THEIR OWN PROFESSIONAL ADVISERS WITHOUT DELAY

> H.M.P. Miles Chairman

Registrars: Central Registration Hong Kong Limited, 19th Floor, Hopewell Centre. 183 Queen's Road East, Hong Kong. Telex: 60327 CRLHK 5-285897 Fax:

5-296087

Registrars' agents in United Kingdom: Price Waterhouse, Southwark Towers, 32, London Bridge Street, London, SE1 9SY, England. Telex: 884657 01-403-5265

Hong Kong 21st October 1987

Swire Pacific Limited The Swire Group Swire House, Hong Kong.

A COPY OF THIS ANNOUNCEMENT IS BEING SENT TO SHAREHOLDERS INDIVIDUALLY.

**Beatrix Mines Limited** 

interest paid and sundry expenditure-net

Income before taxation

Distributable income

Balance Sheet Capital employed

Long-term loans

Employment of capital

Net current liabilities

Long Term Loans
Balance at end of period...........
Interest paid during the period.

Registered and head office General Mining Building 6 Hollard Street

London office and secretaries

Gencor (UK) Limited 30 Ely Place

London EC1N 6UA

These loans are in U.S. dollars and are fully covered.

Loan to Buffelsfontein Gold

d in the Republic of South Africa—Registration no. Processor of no par value

Share capital: Authorised — 150,000,000 ordinary shares of no par value

Issued: — 85,000,000 ordinary shares of no par value Gencor Gro

ended 30.09.87

R'000

13,957

13,832

13,832

77,843

123,723

201,566 762

39,715 40,477

200,804

R'000

88,399 2,897

The loan to Buffelsfontein will be repaid during the year once the final tax assessment has been received. The repayment will be partly in cash and partly by the issue of additional preference shares in Buffelstontein Gold Mining Company Limited. The obligation to pay interest on the outstanding loan to Buffelstontein Gold Mining Company Limited ceased on 30 June 1987, but adjustments in interest can still occur pending the

Copies are available from: London Office, 30 Ely Place, London EC2N 6UA

(i) The figures are unaudited.
(ii) The report has been approved and signed on behalf of the company by two directors.
(iii) A dividend of 30 cents per share was paid on 7 August 1987.

30.06.87

R'000

8,090

131,466 8,090 59,687

199,243

77,843

149,700

227,543 28,300

33,717 62,017

199,243

9 months

ended 30.09.87

13,832

200,804

77,843

123,723

201,566 762

39,715 40,477

200,804

R'000

88.399

Transfer offices

Central Registrars Limited

United Kingdom: Hill Samuel Registrars Limited 6 Greencoat Place, London SW1P 1PL

South Africa:

Report for the quarter ended 30 September 1987

#### INTL. COMPANIES & FINANCE

Paul Betts reports on the forthcoming flotation of the Paris fashion house

# High finance for Yves Saint Laurent

THE EXTRAVAGANT world of bourse, says Mr Berge, in his acquisition, Saint Laurent sud-Paris high fashion has been in a plush art deco office in the Yves denly became a highly geared state of agitation. With the autumn shows, the great tents were erected again in the Tuilmodels to display the latest coilections before the ecstatic applause of the privileged few. But this time, the excitement

is perhaps greater than usual, for the business is undergoing a rapid evolution in France. During the past few months, the fashion houses have been at the centre of the intense dealmaking and financial manoeuvrings that have hit the country's luxu-

ry goods business.
Undoubtedly, the biggest deal so far has been the recent merger of Louis Vuitton, the luggage maker and owner of the Veuve Cliquot champagne, and Moet Hennessy, the champagne, co-gnac and perfume concern, to form France's largest luxury

Now it is the turn of Yves Saint Laurent to hit the head-

off the Avenue Marceau in the heart of the capital's couture district. Even profitable companies like ours face a serious risk of disappearing in the lon-ger term if they remain family businesses. For this reason I wanted to find strong partners at the same time as quoting the company on the stock market."

Mr Berge has already found his financial partner. Last year he was put in touch with Mr Car-lo De Benedetti, the Italian businessman, and Mr Alain Minc, the eclectic French financier who runs Cerus, Mr De Be-nedetti's French holding company. Cerus took a stake in Yves Saint Laurent and helped the fashion house engineer a \$630m takeover of Charles of the Ritz to enable Yves Saint Laurent to regain control of its perfume business.

"I was always anxious to re-Saint Laurent to hit the headlines again as the famous fashion house started 26 years ago
by the couturier and Mr Pierre
Berge, his business partner, is iards. It had to come back to us about to become the first some day, remarked Mr Berge,
French haute couture business who has always run the business partner. The some day, remarked Mr Berge,
to be quoted on the bourse. The side of the fashion house flotation of Saint Laurent has departs over the country market while Mr Saint Laurent has de-

edness, it first sold this summer the cosmetics businesses which did not carry its name to Revion for about \$150m. Now it will



Yves Saint Laurent

raise fresh equity by floating 20 per of the company to the public.

Paris over-the-counter market of the Paris over-the-counter market voted himself entirely to the searly in December is likely to set a new trend as high fashion and high finance increasingly us with me managing the affair and Yves giving free rein to his of bringing our company on the with the Charles of the Ritz inc.

With the Saint Laurent and Mr De Benedetti are also reinforcing their links. A new financial with the managing the affair nie Financiere Saint Laurent and Mr De Benedetti are also reinforcing their links. A new financial us with me managing the affair nie financiere saint Laurent and Mr De Benedetti are also reinforcing their links. A new financial us with me managing the affair links are also reinforcing their links. A new financial us with me managing the affair links are also reinforcing their links. A new financial us with me managing the affair links are also reinforcing their links. A new financial us with me managing the affair links are also reinforcing their links. A new financial us with me managing the affair links are also reinforcing their links. A new financial us with me managing the affair links are also reinforcing their links. A new financial us with me managing the affair links are also reinforcing their links. A new financial us with me managing the affair links are also reinforcing their links. A new financial us with me managing the affair links are also reinforcing their links. A new financial us with me managing the affair links are also reinforcing the links are also reinforcing the links. A new financial us with me managing the affair links are also reinforcing the links are

cent of the fashion and perfume business. It will be 51 per cent owned by the Saint Laurent-Pierre Berge partnership with the remainder 49 per cent held by Cerus. Mr Saint Laurent and Mr Berge will also own a direct 10 per cent stake in the company to be floated on December 4. Institutional investors will also

hold a stake of about 10 per Relations between Mr De Benedetti and Mr Berge have be-come increasingly close and friendly. Although the Italian financier clearly wants to play a large role in the company, especially in its financial manage-ment, it is also keen to see Mr Berge and Mr Saint Laurent keep control of a business whose turnover this year is ex-pected to total FFr2bn (\$331.3m)

Following the Charles of the Ritz acquisition, sales in the first half of the year rose to FFri.1bn and profits totalled

Mr Berge has ambitions to develop the company into a major luxury products group by diversifying through mergers and acquisitions into new sectors. But this does not mean we will do everything and anything It's like a cocktail, those exquisite American concoctions as long as the drinks are properly mixed. But imagine mixing been with commer meetis and Cocketting in the commer meeting in the commer meeting and cocketting in the commer meeting in the commercial meetin with cognac, pastis and Coca-

Mr Berge is looking at oppor-

Berge sees his company's latest moves as an offensive rather than defensive strategic deployment One of the principal reasons behind the Vuitton deal was to protect the companies from potential hostile takeover attacks at a time when the French hunny goods sector is seen as a prime target for for-eign and domestic corporate

tries. But he says he recently turned down a proposal to make

Yves Saint Laurent bin bags.

the way we manage our image, he says. He would be interested

in investing in wine but stresses that it would have to be a top

chateau and not those lesser chateaux which the Japanese

have recently been buying in

Unlike the recent Louis Vuit-

ton-Moet Hennessy merger, Mr

the Bordeaux area."

We must always be careful in

"We had no such problem, but we wanted to position ourselves we wanted to position ourselves strongly for our future development." Mr Berge said. "There is a big difference between trying to save a company in turnsoil and a company like ours which is thriving with 22 per cent to 23 per cent of a farther profit manper cent after-tax profit mar-gins.

Mr De Benedetti came along and helped us buy back our per-fume business. If he hadn't, we would have kept the status quo. And we now both have a com-

# Sama forms loan disputes body

BY FINN BARRE IN RIYADH

A SPECIAL three-member committee established by Saudi Arabia's central bank to decide on loan disputes has begun functioning, Mr Mohammed Abalkhail, the Finance Minister, confirmed vectorias Reshers say that many Saudis.

The paying or acceptance of interest. Whenever a borrower this final ban could prove fatal runs into problems on repayment, he can take take the case to a Sharia court, which invariably rules against banks.

Reshers say that many Saudis.

Reshers say that many Saudis.

firmed yesterday.
The committee was estab-lished by the Saudi Arabian Monetary Agency (Sama), the central bank, to oversee disputes on bad loans. These are considered the paramount problem for the kingdom's 11 commercial banks. More than 500 loans cases had always. 500 loan cases had already clogged the commercial courts before formation of the committee was announced in March.

The cases have now been transferred to the committee, which was formed in an attempt to find a way around Saudi Ara-bia's fundamental religious conflict with Western banking. Saudi Arabia operates under Is-lamic Sharia law, which forbids

October, 1987

Bankers say that many Saudis who have the financial means to repay loans avoid meeting their obligations in this way. Just the threat of a Sharia court is enough to force many banks to reschedule loan

reschedule loans.

The new banking disputes committee does not have official legal power, and is expected to persuade rather than force debtors to deal with the banks. But its persuasion includes the ability to prevent bad debtors from leaving the country to freeze their bank accountry, to freeze their bank ac-counts, to attack their assets, and to request government agencies to decline further business with them.

la law, which means that defen-dants have the right to appeal any decision to a Sharia court.

The panel consists of Dr Muthe panel consists of Dr Mu-hammed Hassan Al-Jahr, depu-ty Minister of Commerce, who is a lawyer; Dr Ali Al-Johany, a petroletim expert; and Dr Ab-dul Aziz Al-Guweis, chairman of Saudi Consolidated Electric. Bankers are awaiting the re-sults of the first cases.

sults of the first cases. Mr Abalkhail said that en-forcements have yet to begin. For bankers, lawyers and Minis-try of Finance officials, the key question now becomes what the view of a Sharia court would be

#### usiness with them. mittee appeals a decision which The Government is the source the three men have reached. Saudi Arabian group in petrochemical venture

BY OUR RIVADH CORRESPONDENT

Saudi Arabia's richest busi-pional, butanol and other anhy-nessmen has been awarded dride chemicals PET Resins In-three industrial licences that ternational will have an annual will open a new area of petro-chemical activity in the country. tonnes of resins used in bottles Saudi Venture Capital Group, and other products. A further which has Fluor of California as facility will produce 826,000 a consultant, has been licensed tonnes per year of aromatic car-

1.33bn riyals (\$354.6m). taken place in its refineries. On-The largest investment will be in International Biotene Chemicals, capitalised at 677m aromatic unit to remove toluriyals, which will produce ene, benzene, and xylene.

a consultant, has been licensed to establish three specialised plants in projects which will have a combined capital of 1.33bn riyals (\$354.6m).

#### Lebowa Bakeries tops pre-listing forecast

LEBOWA BAKERIES, the black-owned bakery company which was launched on the Johannesburg Stock Exchange in June, has beaten its pre-listing profit forecast in the six months

to September. First-half turnover R17.8m (\$8.7m) from R15.2m and pre-tax profit was R2.25m against R2.08m. Turnover to-talled R32m in the year to March, when pre-tax profit was

Professor Pothinus Mokyo-kong the chairman, expects the taxed profit of R2.05m forecast in the prospectus to be ex-ceeded by about 15 per cent this year. A new bakery was opened in September, though it is ex-pected to make an appreciable contribution to profits only late contribution to profits only late next year.

Net earnings per share rose to 4.5 cents from 4.1 cents and an interim dividend of 1.75 cents has been declared.

#### NOTICE TO HOLDERS OF

The Hyogo Sogo Bank, Ltd.

U.S. \$100,000,000 15/2% Convertible Bonds Due 2002 (the "Bonds")

Pursuant to Clause 7 (B) and (H) of the Trust Dead dated 22nd June, 1987, in respect of the above issue, notice is hereby given as follows:

1.-On 24th September and 13th October, 1987, the Board of Directors of the Bank resolved to issue new shares of its common stock by public offering. The issue price for the issue

 Accordingly, the conversion price will be adjusted with effect 2nd November, 1987 (Tokyo Time). The conversion price in effect before such adjustment is 1,117.30 Japanese Yen per share of common stock and the adjusted conversion price will be determined on 31st October, 1987, and be published in the "Financial Times" in London and "Luxemburger Wort" in Luxembourg as soon as practicable.

22nd October, 1987

The Hyogo Sogo Bank, Ltd. By: The Sumitomo Bank, Limited, as Principal Paying. Conversion and Replacement Agent.

#### Publicker Industries, Inc.

Golding Industries, Inc.

The undersigned acted as financial advisor to Publicker Industries, Inc. in this transaction.

**Drexel Burnham Lambert** 

#### Interest Rate Change

AB Svensk Exportkredit Swedish Export Oredit Corporation)

U.S. \$75,000,000

Retractable Notes due 1993 table at the Option of the Holder on 19th November in 1984, 1987 and 1990, as of which Dates the Issuer has the Right to Specify a New Rate of Interest).

In accordance with the Terms and Conditions of the Notes, the Company has specified that for the period commencing 19th November, 1987 up to and including 18th November, 1990 the Notes will carry an interest rate determined as the annualised equivalent of the yield of the 3 year U.S. Treasury Bond as shown by Telerate Screen 19th November, 1987. Telerate Screen 5 at 15.00 hours London Time on

Bankers Trust Company, London

. Agent Bar

ALLIANCE LEICESTER

Alliance & Leicester Building Society

7

£309,000,000

Floating Rate Notes 1994

Notice is hereby given that the Notes will bear interest at 10.2675% per annum for the interest period 21st October, 1987 to 21st January, 1988. Interest payable on the relevant interest payment date.
21st January, 1988 will amount to £129.05 per £5.000 Note and £2,580.90 per £100.000 Note.

Morgan Guaranty Trust Company of New York

**NEW ISSUE** 

This announcement appears as a matter of record only.



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# Looking for a better way to breathe

The industry has set its sights on an improved range of materials. Peter Marsh reports

THE contact lens industry, be-devilled by problems caused by extended wear lenses, which in many instances have beensynonymous with extended discomfort, is turning to new materials which promise wear-ers longer periods of use with-out the attendant irritation to

The new materials are based on fluoropolymers which, compared to other materials used in lenses, have a greatly increased capability to let oxygen through to the eyeball, so reducing the possibility of infections and subsequent damage to the cor-

nea.
At the same time, the substances are rigid enough to withstand a certain amount of ill treatment, giving them an important advantage over the popular types of soft lenses which tear and warp relatively easily. The fluoropolymer products, which have been introduced by Bausch and Lomb and Smith-Bausch and Lomb and Smith-Kline Beckman, two US compa-

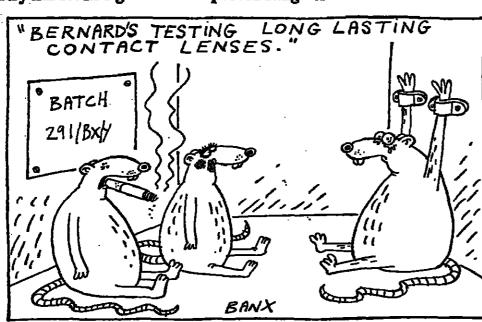
Kline Beckman, two US companies which are among the world leaders in contact lenses, have emerged as the lens industry takes stock after a 20-year period of almostunchecked growth.

Annual output in the industry has risen from next to nothing in the 1960s to about \$1bn, with half the sales in the US. Chemical cleaning agents required for the lenses, particularly the soft variety, add up to further annual sales of about \$750m. al sales of about \$750m.

The emergence of new materials for continous-wear lenses coincides with the lens industry studying other technogical ad-vances to reduce the cost of making the products and to

make it easier to produce reliable bifocal lenses.

Cost reduction in lens production is being pursued in newmanufacturing strategies under study by many of the leading lens companies according to lens companies, according to Tony Raven, an optics specialist at Scientific Generics, a UK consultancy. Such efforts are manifested in new disposable lenses on sale inthe US by Vistakon, a subsidiary of Johnson and Johnson a leading IS



dustry. Most contact lens wear-ers, of whom there are some 20m in the US alone, are rela-tively young. As they grow old-er, their problems of short-sigh-tedness will be compounded by their difficulties in focusing on near objects; hence the need for bifocals.

bifocals.
Most bifocal lenses, however, work less than perfectly. They are split into two sections, like bifocal spectacles, and as a re-sult it cannot always be guaran-teed that the eye looks through the correct portion when view-ing either a near or distant ob-

Pilkington, the UK glass com-pany which has become a major player in the contact-lens inplayer in the contact-lens in-dustry through its acquisition of two opthalmics divisions of Revlon, the US cosmetics com-pany, recently announced a bi-focal lens based on holographic techniques. It says they should produce a better performance than the old type of split-section lens.

best-focused picture.
"Bifocal lenses are the single biggest opportunity for thein-dustry, says Frank Jepson, vice president for communications at Bausch and Lomb, which claims to be the world's biggest contact-lens company with an-nual sales in these items esti-

taking into account the needs of

the wearer, says Jepson. The problem was the lack of 30-day eyes. Both Bausch and Lomb and Smithkline Beckman, which is marketing a fluoropo-

lymer lens developed by SM, the US materials company, believe the new products will prove more successful in the market

This is partly because the fluoropolymer substances ab-

sorb oxygen more readily than the soft-lens materials, allowing

more of the gas through to the eyeball where it staves off the

In the case of the SmithKline

Another advantage is that the

possibility of infections.

nual sales in these items estimated at \$150m.

New developments in extended-wear products are another
priority for the industry, other
leading concerns in which include Ciba-Geigy of Switzerland
and Cooper Vision of the
US. The first generation of extended-wear lenses was generally based on soft lenses, which
contain up to 75 per cent water,
the rest of the product comprising a hydrophilic polymer, typically hydroxy ethyl methacrylate. Due to the presence of
water, these lenses let oxygen
through relatively easily, allowing the cornea to breathe.

The early versions of pro-

ing the cornea to 'preathe."

The early versions of prolonged-used lenses were marketed asbeing suitable for continuous periods of wear of a
month or more. People's eyes
suffered, however, as a result of
a build-up of deposits on the

of deposits which can harm con-tact-lens performance and cause discomfort.

cause discomfort.

Isaacson says that in tests the new lenses have been worn for a year non-stop, without ill effects, though the time of wearing depends generally on the user and that in practice few people would be able to keep the items on their eyes for this long.

As a result of the properties of the material, the fluoropolymer lenses - which are not yet on sale in the US or in most of Europe, though Bausch and Lomb is selling its products in the Netherlands - can be looked at as combining the best of the characteristics of soft lenses and of the rigid gas-permeable lenses which have made rapid headway in the past five years.

The gas-permeable type, made from materials such as siliconacrylate copolymers, have come to the fore in replacing theoriginal 'hard' lenses made from polymethyl methacrylate which is impervious to oxygen transfer. Sales of the gas-permeable lenses, although they have grown quickly in recent years, were limited in the past by the fact that soft lenses are often more comfortable to wear.

Gas-permeable lenses are al-

wear.

Gas-permeable lenses are also normally more expensive, costing in the US typically \$250-\$300 a pair, compared with \$100-\$150 for soft lenses. The rigid type last longer - several years if looked after property - compared with as little as six months for the soft variety.

The general lack of durability of the soft type - together with the high costs of looking after them, resulting from the \$150 or so a year which must be spent on chemical cleaners - has prompted Vistakon, the John-

In the case of the Smithkline Beckman product, the lens is almost totally permeable to oxygen transfer, according to William Isaacson, a director of 3M's life-sciences division which developed the product. He says the lens lets through 95 per cent of oxygen immediately adjacent to the eyeball. prompted Vistakon, the John-son and Johnson subsidiary, to son and Jonnson subsidiary, to seek an opening in the dispos-able lens area. The company, which is test marketing its new lenses in Florida, says they are indistinguishable from ordi-nary soft lenses.

takon, a subsidiary of Johnson and Johnson, a leading US healthcare company.

Vistakon says the lenses - which are thrown away after an average of 10 days or so of continuous wear - can be made particularly cheaply in a novel product highly accurately.

Bifocal lenses, meanwhile, are under development by many of the leaders in the in-

A new digital generation

DATA GENERAL (DG), the US-based computer group and Nippon Telegraph and Tele-phone (NTT) of Japan are to dephone (NTT) of Japan are to develop jointly a new generation of digital high speed corporate communications systems.

The new integrated systems will be based on telecome ex-

changes which will be able to handle data as well as voice and will offer computer facili-ties to the users.

NTT will jointly fund re-search and development work at Data General's Westboro, Massachusetts, facility and the new systems will be based on the US company's super-mini-computers. Manufacturing

computers. Manufacturing will take place at DG facilities in the US and the Far East.
Following successful development, NTT plans to market the networking systems to large corporations and government agencies in Japan. Data General will look after the US and Engage and the first in-General will look after the US and Europe and the first installations are expected to take place by the summer of 1969.

The DG/NTT networks will accommodate appropriate international communications standards including ISDN (integrated services digital network), the open network standards under development at the International Standards Organisation, and the widely used IBM communications standard, SNA (systems networking architecture).

**Tunnelling by** remote 'mole'

working architecture).

IN THE UK. East Midlands Electricity has been pioneering a method of laying cables underground without disturbing the surface above. Developed by Flow Mole, a US company which has just set up a UK subsidiary in Corby, this 'microtunneling' technique uses a remotely-controlled hydraulic boring system which can be electronically guided underroads and other fixed structures.

Accuracy is guaranteed, claims the company, and the cables or piping can be threaded through the bere in a threaded through the bore in a matter of hours. Normally, such work might take weeks because a treuch has to be dug across the road, the road coned off and the traffic disrupted.

The technique, called Guidedril, uses a high pressure fluid cutting head to produce tunnels up to 125mm diamoter. The cutting fluid acts as a Inbricant but also is forced outwards to form a 5mm thick solid wall as the head moves along. The head centains a low frequency radio transmitter which sends a signal to the surface, where a receiver is

position and depth of the bead down to 3.5 metres. Then, a final cutting tool is pulled through followed by the cable. FlowMole says it can lay ca-bles in this way at a cost of £25 to £35 per metre. Overall cost savings, compared with tradi-tional trenching and surface

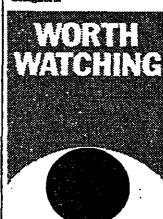
able precisely to indicate the

reinstatement, are in the 25 to 30 per cent region.

FlowMole has successfully laid a cable under the A38 at South Normanton for Rast Mid-lands Electricity and has also done work for British Telecom in Basic Basic and British Com in Hyde Park and British Gas in Newcastle.

Artists can feel the pressure

TERMINAL DISPLAY
Systems in the UK is offering a
pressure sensitive stylus that
can register 128 levels of pressure when used on graphics
tablets by artists and graphics
designers.



Edited by Geoffrey Charlish

ist presses on the tablet will produce corresponding lines on a colour screen that can be finely varied in terms of width or colour intensity. Known as ZedPEN, the system is claimed to be four times as sensitive as existing devices. It is designed for use in computer-aided de-sign and signature recognition systems as well as in artistic work. The pen, tablet/digitiser and power supply cost £1,089 in the A4 version.

Joint study of

networks INTERNATIONAL Business Machines and Bell Atlantic Corp have agreed jointly to study product opportunities for intelligent network ser-vices in the international marketalace marketplace.
IRM said the study will as-

There may be equivale nta but there are no equals. A SELKIRK World Leaders to

sens the marketplace require-ments outside the US for a se-ries of intelligent network voice, data, and image applica-

The company said the appli-cations include an \$50-number service, alternate billing ser-vices, and private network ser-

#### improving the reception

ENGINEERS AT AT&T Bell Laboratories in the US have developed a cheaper form of ra-dio receiving aerial that imdio receiving aerial that improves microwave reception.

The system uses a well known radio technique called diversity reception in which, normally, two microwave dishes are used instead of one, arranged so that if one is not receiving a good signal, the other can augment it. The problem arises because incoming radio signals can arrive via problem ar nes because incom-ing radio signals can arrive via different paths through the at-mosphere, some of which re-duce the signal strength more

Using two dishes can reduce this, but doubles the cost of the installation. The Bell engineers have instead made use of a fundemental property of mi-crowave serials, which is that they can be designed to have different reception strengths for specific directions of re-ception, spart from the main ception, spart from the main forward beam. The Bell dish has two strong reception direc-tions, or "radiation lobes" which behave in the same as a pair of diversity dishes, sharply cutting the cost.

#### Facsimile and computer

TELI, A Swedish electronics company, and the Swedish telecoms authority have developed an office machine which can send facsimile images over a phone line, act as normal office center or verside very striction. a phone the, set as normal effice copier or provide printing facilities for a personal computer. Believed to be the first of its kind, the machine also has a memory and can held up to 206 pages of A4 text.

#### Company Notices

At a meeting held on October 13, 1987, and chaired by life Emest-Antoine Settlère, CGIP's Board of Directors closed the consolidated and corporate accounts for the first semester of the current business year, and reviewed the total financial projections for the year. the current dusiness year, and reviewed the total markets projections for the year.

A) One third increase, in projected connolidated set become
CGIP's share in consolidated net income amounts to 230.7 million FF on June 30, 1987. An
approximate 20% increase is expected in the Group's companies income which, added to non
recurring givin; resulting from divestments (troutcars and real estate) made by CGIP's sharel,
representing, an earnings per share of 100 FF, to be compared to 74 FF in 1986.

B) Expected deabling of corporate income
On 30 June 1987, the corporate net income amounts to 171.5 million FF, as compared to
131.7 million FF at the same time in 1986, Projections made for the year show a 10%
increase in current income. Non recurring gains, resulting from above mentioned divestments, shall lead to a net profit exceeding twice that of 1986, which amounted to 147.6
million FF.

The RTZ Corporation PLC NOTICE TO HOLDERS OF WARRANTS TO BEARER FOR ORDINARY SHARES

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NOTICE TO HOLDERS OF EUROPEAN OFPOSITARY RECEIPTS (EDGs) IN MITSUI & CO. LTD., TOKYO We are pleased to coeffine that capies of the Annual Report for the year world March 33, 1996 of Silvan A Co. Let are again conclube to ESP indictors non applica-tion at the offices of the Depothers, Chilant, N.A. 356 Streat, Leutest MCR IIIS and the agent, Obscorp Instances Book (Leutenburgh S.A., Id Annual Marie

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# **EQUA**

**16 DECEMBER 1987** 

The Financial Times proposes to publish a major survey on China on Wednesday, 16 December 1987.

Topics to be covered in the survey include:

POLITICS
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ECONOMY
BANKING & FINANCE
TRADE & INVESTMENT
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For more details about advertising in this survey and a copy of the editorial synopsis,

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CITIFUNDS

CITICORP INVESTMENT BANK

# Hawker Siddeley growth checked

trical equipment businesses of el, while sales Hawker Siddeley Group the elec-£185m to £224m. trical and mechanical engineer-

£769m to £835m. UK sales alone sales i fell from £454m to £437m, while £158m.

strengthening of markets and we expect this year to see a re-turn to growth, he said. Electric motors and generators put in the strongest performance, with sales increasing from £94m to £114m, and trading profit up 25.5 per cent to £12.3m. Mr Benley said the improvement re-flected investment in the division as well as acquisitions.

The electrical distribution

and controls division, which has seen much of the group's acquisition activity in recent years, moved ahead by 22.4 per cent to

First Charlotte

Net asset value of First Char-lette Assets Trust rose to 22.3p

at September 30 from 13p a year ago and 17.25p at the March 31

Gross revenue for the six months amounted to £158,000 compared with £149,000. After

tax of £16,000 (£20,000) available profits emerged at £15,000 against a previous £56,000. Earnings per share were 0.02p

The companies in which First

Charlotte was invested had con-

tinued to report good operating results during the period. Until last Friday, this had been re-

flected in strongly performing.

The company was satisfied that the companies held by it,

their profitability, balance sheet quality and prospects for growth were largely unaffected by dramatic swings in the stock

The directors said First Char-

lotte was not under pressure to sell good investments since, un-

like a unit trust, it does not face

the problem of redemptions by

unit holders. They pointed out that distress selling by other in-

stitutions could create attrac

share prices.

assets up 72%

to 22.3p

STRONG GROWTH in the elec- £18.6m at the trading profit lev-The electrical specialised

ing group, was insufficient to equipment division suffered compensate for sluggishness in diesel engineering and mechanical equipment during the first signal control system, but Mr six months of the year. Signal control system, but Mr Bensly said that profit growth Pre-tax profits announced would resume next year. Trad-yesterday rose film to £73.1m, ing profits in the division were while sales increased from up marginally to £12.5m, while sales increased from £127m to

overseas sales rose.

Mr Bob Bensly, managing director, said that profit growth for the year was still anticinate of the year was st be offering the most advanced equipment in the world.

Both small and large diesel engines put in a disappointing performance, with sales dropping £13m to £70m, and profits off from £4.5m to £3.7m. The division was however, expected to benefit from new orders in the coming months as tenders go out on new power plant projects. Some revival of business from the Middle East was antic-

A fall back of orders for coal



Sir Peter Baxendale, chairman of Hawker Siddeley

cal equipment sales to drop £15m to £242m, while profits fell £1.5m to £19.3m. Group net borrowings are nil, and Mr Bensly said the group's acquisition programme would continue. The group has spent whichever £220m in the past two years in a moves.

series of small and mediumsized acquisitions, mainly in the US. Earnings per share rose from 20.9p to 21.0p, and the group declared an interim dividend of

Hawker Siddeley is hardly the company to make any inves-tor's blood run hot, with its yawn-provoking performance in the first half of the year. Prospects for the group are undoubtedly improving in its difficult divisions, but with such a wide geographic and industry spread it is hard to believe that all parts could motor ahead at once. Still, Hawker Siddeley's lowly prospective p/e of less than 10, based on full year profits projections of £165m, is just a little mean. The group is backed by solid assets, and on break up would be worth much more than per share, should any predators have to nerve to launch a bid. The yield is reasonably attractive, and the group looks well fixed to weather any possible recession. That would appear to make the shares fairly safe whicheaur way the market yesterday's closing price of 461p

# Conrad surges to £239,000

Conrad Holdings, exhibition from Russell Brothers which contractor which added property development to its activities with the £2m acquisition of companies continued Cordwell Property in August, more than doubled taxable profits in the first half of 1987.

Profits were boosted from £101,443 to £239,243 on turnover down from £3.62m to £3.18m. The directors declared an un-changed dividend of 1p and af-ter increased tax of £86,000 (£41,000), earnings per share rose from 1.06p to 1.09p.

group of companies continued to trade satisfactorily albeit against a background of tough competition. The continued development of Cordwell bode well for the future although the specific level of contribution to group profit in the current year depended on the timing of some factors which, in the short term, might be subject to chance.

He pointed out, however, that Mr Neil Phoenix, chairman, the retail development market said that the increase in profits was benefiting from strong ochad been a good achievement cupational and investor debut pointed out that figures for the previous year had been adversely affected by the losses significant acquisition. Conrad had greatly strength-ened its base and was examin-

ened its base and was examining a number of opportunities for growth by acquisition.

In May, Mr David Thompson, former chairman of Hillsdown Holdings, paid £1.25m for an 18 per cent stake in Conrad. The deal was part of a capital reconstruction which also involved Mr Roger Abraham, a managing director of Chase Investment Bank, taking an 18 per cent holding. Conrad Issued 5m shares to the two men at 50p each. At the same time it issued each. At the same time it issued another 2.8m shares in a deepdiscounted one-for-two rights at 50p to existing shareholders. The total effect was designed to increase capitalisation by 66

# Marley to buy US brickmaker

Marley, the building materials high-quality facing bricks. With company, is to purchase Corbin a new, recently commissioned, Brick of Corbin, Kentucky, for kiln added to its existing pro-

make General Shale the second largest facing brick manufactur er in the US and boost its total annual capacity to more than quire Corbin through General shale Products Corporation, its existing US brick manufacturing business.

Corbin makes a range of cerage in the northern US,

The acquisition will allow increase of more than 25 per ing business.

Corbin makes a range of cerage in the northern US,

General Shale in 1986.

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BARCLAYS de ZOETE WEDD

October 1987

#### Spurs end year in a better position

By David Walter

Tottenham Hotspur, runners up in last year's FA Cup and the only company to present its earnings per share before and after transfer fees, yesterday reported reduced pre-tax losses for the year to May, and a sharp turnround in trading profits.

Shareholders are to receive a

Shareholders are to receive a dividend of 4p, their first payment since 1985.

Operating profits amounted to £970,000 compared with a loss of £330,000 last year. However, the acquisition of Steve Hodge, Richard Gough and other human assets cost £1.3m in transfer fees, and at the pre-tax level the company made a loss of £380,000, against £730,000 in the previous year. 2730,000 in the previous year.
Mr Paul Bobroff,
Tottenham's chairman, said
that since the year end he had
sold Glen Hoddle to Monaco for

an undisclosed but large sum, and the transfer account new

and the transfer account new showed a profit of £1.4m.
Stripping out the effects of what Mr Bohroff said should be considered as expenditure on plant and equipment, with legs, a loss of 7.2p per share in the previous year was turned into earnings of 10.15p. If transfer fees were included, the loss per share more than haived to 3.6p.

There was an extraordinary profit of £4.7m on the disposal of the company's trading ground in Cheshuat. That left Tottenham negatively geared with net cash of £1.4m, which will be deployed on acquisi-

will be deployed on acquisi-tions consistent with the comtions consistent with the espi-pany's policy of reducing its dependence on football.

Approximately two-thirds of operating profits came from

White Hart Lane, where atten-dances at home league matches rose by 24 per cent last season.

The balance came from the

company's retail and other commercial activities. Hummel (UK), the sports and leisurewear company, made a loss of about £100,000 in its first full year, but is expected to contribute a substantial profit in the present year.

Spurs' shares rose 15p to
175p at full time.

#### **Bertrams Inv Tst**

**Revirams Investment Trust** reported net asset value of 83.8p at September 30 1987 against 53.7p a year earlier. Earnings per share came out at 2.25p (1.04p) and the directors are recommending a final dividend of Lip making a total of

**NEW ISSUE** 

# Evered takes 14% stake

erybody into thinking we are going to make a bid but we cannot rule it out," he said.

oased company in which mr Aodullah's brother, Ahmed, is a manager. It paid 335p for each share, although each will accrue a 4p dividend within the next week. Yesterday shares in

Virgin Group, music and leisure puter software market is relacompany, has bought 45 per tively mature and the Mastercent of the share capital of Mastertronic Group for £4m in cash through its wholly-owned subgive us increased purchasing sidiary, Virgin Vision. Master-tronic is a given by the strength and takes us into the

cade software. cent to to Masterironic made pre-tax market."
profits of £1.12m for the 12
months ending June 30.

He add

Commenting on the acquisi-tion yesterday, Mr Robert Dev-in the US and Europe, would ereux, managing director of help Virgin to develop those Virgin Vision, said: The com-markets further.

# double at £0.5m halfway

to £1.79m the pre-tax result came out at £494,000 against a

nanagement had made a major contribution to the improved earnings and that department continued to attract new private

Collents.
Since the end of the period the group's activities hadcontinued to develop the directors

# in Henderson for £11.3m

trial doors and security prod-ucts company, found itself at the centre of bid speculation last night after Evered Hold-ings, the industrial conglomer-proach which could lead to a ate, bought 14.3 per cent of its

Mr Osman Abdullah, Evered chief executive, said last night that he was keeping his options We do not want to mislead ev-

Evered bought its 3.2m shares for £11.3m on Tuesday from Car-

ousel Investments, a Swiss-based company in which Mr Ab-

Henderson Group, the Indus-ial doors and security prod-cts company, found itself at tion if it decided to launch a takeover offer.

Henderson said yesterday that it had heard nothing further from the potential suitor, which had not been Evered. Mr Abdullah said that Evered saw opportunities for developing a commercial relationship. Henderson is a building prod-ucts company and has a number of businesses which are com-

plementary to our own." In particular, he saw opportu-nities for synergy between Tac-tico, the Evered subsidiary which specialises in factory security, and the security prod-ucts arm of Henderson, which makes access control systems.

ground between Henderson's doors division and Evered's Weatherseal subsidiary, which

specialises in windows.
Mr Pat Gaynor, chairman of Henderson, said his company wanted to remain independent but he added: "There has to be a price which one has to give hareholders the chance of con-

Mr Gaynor is expecting to meet Mr Raschid Evered, chair-

meet Mr RABCHIG EVERB. Casir-man of Evered and brother of Osman, for talks today. Following a slump in fortunes in 1986 and 1987, Henderson's performance is thought to be performance is indugite to be improving Analysts are expecting pre-tax profits of at least £6.4m this year, against £4.42m in 1987. At yesterday's close, the company was capitalised at more than £76m.

Ambrose Inv. ahead

Ambrose Investment Trust an.

nounced a 22.2 per cent increase in net asset value per capital share from 615.45p at the end of March to 751.86p on

September 30. Net revenue for the six months ended Septem-

2470,377.

The directors are paying an interim dividend of 4.38p per share (3.55p) to reduce disparity between the interim and final dividends. Earnings per share improved from 5.4p to 6.63p.

Gross income rose from 5.578,045 to 6.685p.
48 Consolidation of the contemporary of the conte

ed net assets at end-September stood at £29.4m against £24.33m

six months earlier. The surplus on realisation of investments in the half year was £1.83m.

Tiphook in £3m deal

Tiphook, trailer and container

ber rose from £384,388 £470,377.

#### Virgin in £4m computer software expansion

through its wholly-owned subsidiary, Virgin Vision. Mastertronic is a publisher and distributor of computer games expanding low-price end of the
software, with interests in video, music distribution and arcade software.

Metateraria made are test to 55 per cent of the UK

CFS profits more than

MORE THAN doubled pre-tax said, and indications for the full profits were announced by Comprehensive Financial Services After a tax charge of £176,000 for the six months ended June (£67,000) and minorities of 30. On income up from £920,000 £15,000 (nil) attributable profits

previous £213,000.

The directors have declared a 1.3p (0.8p) interim dividend to be paid from increased earnings of 7.43p (3.76p) per 5p

They said that investment

amounted to £303,000 (£146,000).

The company's shares are traded on the USM.

He added that Mastertronic's

leasing group, has bought the Anglecrown portfolio of short-term general machinery leases from Great Universal Steres, retail and finance company, for £3m in cash. pany, for 13m in eash.
Anglecrown is expected to
produce rental income of more
than £9.2m during the run-off of
the leases which extend up to
five years. Tiphook forecast a
positive contribution to its profits.

**BOARD MEETINGS** 

21st October, 1987

taka-Q

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#### **UK COMPANY NEWS**

# Berkley House talks with Marler Estates called off

BY FIONA THOMPSON

BY FIONA THOMPSON
THE PLANNED reverse takeover of Marier Estates, properly
company and owner of Fulram
and Cheisea football grounds,
by Berkley Heuse, private housebuilder and property developer, has been called off.

Mr Graham Meehan, who
founded Berkley with his brother, Keith, in 1976, said yesterday
the negotiations had been terminated because we haven't
been able to agree terms'. He
said that Berkley would retain
its 28 per cent beneficial interest in Marier which it holds and Cheisea football grounds, by Berkley Heuse, private housebuilder and property developer, has been called off.

Mr Graham Meehan, who founded Berkley with his brother, Keith, in 1976, said yesterday the negotiations had been terminated because "we haven't been able to agree terms". He said that Berkley would retain its 28 per cent beneficial interest in Marier which it holds with Mr David Thompson, cofounder of Hillsdown Holdings.

Talking last month about the planned takeover, Berkley said all the Marier directors would go, including Mr David Bulation of £200m, according to Graham Meehan. Marler Estates was capitalised at £83.5m, at the £12.50 price at which shares were suspended on Sep-

The Marler board yesterday requested a lifting of the sus-pension and dealings will recommence today.

Mr Meehan said yesterday
Berkley still intended to join
the stock market. "We may have
a fresh approach," he said.

# S&N attacks Brown's defence

Scettish & Newcastle Breweries yesterday wrote to share-holders of Matthew Brown, attacking the Blackburn-based brewer's first defence document which was published this

S&N said that the Brown board, in urging its sharehold-ers to reject S&N's offer, had chosen to obscure the key is-sues with "selective, irrelevant and outdated statistics."

give an estimate of Brown's own results for 1987, a year which had already ended.

S&N is offering three of its shares for every one of Brown, with an alternative cash offer of nd outdated statistics." with an anternative cash oner of ing shareholders and deputy S&N said that Brown had 750p per share. The first closing chairman.

Benlox stake raised Dr Ashraf Marwan, Egyptian fi-nancier, has bought a 50,000 shares in Benlox Holdings, which has launched an all-pa-per bid for Storehouse, taking; his stake to 9.21m shares. Dr. Marwan is one of Benlox's lead-ing whereholders and decad-

## **BSR** expands its UK kitchen activities via Italian purchase

BSR International, the Hong Kong-based electronies group which is listed in London, yesterday expanded its UK kitchen appliances subsidiary, Swan Housewares, through the acquisition of Italian company Girmi for up to £9.95m.

Girmi manufactures a range of small electrical appliances including food processors, ice-cream makers, toasters and irons. BSR says its products manufacturing and geographic

BSR's strategy of strengthening Swan prior to seeking a separate listing for it.

Mr Brian Christopher, BSR chief executive, said Girmi would provide Swan with an established continental distribution network. It was established in France and Germany as well as Italy.

In addition Swan would provide Girmi with greater access to the UK

BSR's strategy of strengthening.

manufacturing and geographic bases complement those of

BSR's most recent results, published in August, showed a 58 per cent growth in pre-tax profits to £5.7m for the six months to June 27. Swan made operating profits of £300,000, up from £100,000, but sales and profits are concentrated in the second half. bases complement those of Swan.

Under yesterday's deal, which has been under discussion for some months, the consideration will depend on Girmi's profitability in the year to December 31. BSR has already paid the former owners of the company £4.98m in cash.

Last year Girmi made pre-tax losses of £550,000 on sales of £15.6m. However, the business has been substantially reorganised and the vendors have warranted the level of profits for the half year to end-September available income fell to

ranged the sevel of profits for this year.

The company's capital base tember available income fell to fisch 433 (£182,433). Earnings to talled 0.87p (1.07p). Interim dividend is 0.6p (same).

#### **DIVIDENDS ANNOUNCED**

	Current payment	of payment	Corres - ponding div	Total for year	Total last year
Ambrese Invint Chillington Corpint	4.38; 2.6	Dec 15	3.55 2.27*	:	11.58 6.36
Comp Financialsint Conrad Heldingsint	1.3 1†	Dec 16	0.8 1	-	3 2.5
Gertmore Amerint Hawker Siddeleyint	5.5	Jan 15	0.6 5	:	1.4 17
House of Leroseint Manch & Lond Inv.int	3	Dec 3	3 1.5 <del>1</del>	-	9.4 1.5
Fottenham Hfin	4	Jan 4	nil	4	nil

Dividends shown pence per share net except where otherwise stated. \*Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. \$USM stock. \$Unquoted stock. ØThird market.#16-month period. ‡To reduce disparity.

**IRELAND'S NATIONAL TRANSPORT** SERVICE · A YEAR OF FURTHER PROGRESS



Significant progress has been made in recent years to establish a national public transport service which is customer oriented, safe, reliable, efficient and cost effective. This progress was maintained in 1986 and culminated with the passing of the Transport (Re-organisation of Córas Iompair Éireann) Act 1986, last December. The Act, led to the establishment of three major operating subsidiaries: larnród Éireann - Irish Rail: Bus Éireann - Irish Bus and Bus Átha Cliath - Dublin Bus, all of which officially commenced trading on the 2nd February, 1987. Since February, 1987, therefore, the organisation structures, management and personnel tools are all in place to enable the group to tackle the

Overall revenue increased by £7.4m (2.3%), while operating expenditure.

many problems which face it in achieving

its business and financial objectives.

benefitting from the ongoing rationalisation programmes, at £315.1m, shows a modest increase of 1.3% over 1985.

The Board maintained its policy of upgrading the quality and level of service demanded by the travelling public.
Twenty new Inter City mainline coaches were added to the fleet, extending the availability of safe, reliable and comfortable rail travel facilities to all of the mainline network. The Board is still not satisfied with the quality of some of the services on radial and outer suburban lines and I am pleased to announce that we propose to modify our carriage huilding programme in order to honour our commitment to these areas. The first of the modified coaches will be available during 1988. To date, 79 new mainline coaches, catering and generator vans have been brought into service. Expenditure on the upgrading of the railway signalling system and permanent way was maintained and was within

Increasing unemployment, decreasing disposal incomes and intense competition, legal and otherwise, has reduced the demand for our transport services other than mainline and suburban rail services, which show a healthy increase over the corresponding period last year. The need for further rationalisation is clearly evident and this is being addressed by the operating companies in the preparation of their business plans. Financial targets have been set by Government and these targets must be achieved.

The above extracts are from the Chairman's Statement published in the 1986 Report and Accounts of CEE and from his address to the Annual General Meeting.

Nestle

# Williams raises minorities offer

Williams Holdings yesterday unveiled a sweetened offer to buy out the remaining holders of preferred shares and de-ferred ordinary shares in Len-den & Midland Industrials, den & Midland Industrials, building products and engi-neering group, which was ab-sorbed into the industrial con-glomerate more than a year ago. The offer is intended to sim-plify Williams' group structure and reduce administrative costs by removing, for example, the requirement that LMI hold its requirement that I am noted its own annual meeting. In the of-fer, Williams will have to pay no more than £995,000 in cash, al-though more than 90 per cent of that total could be taken in

Persistence has paid off for alternative of 230n. This comshareholders who held out and pares with original share terms kept the total acceptances below 90 per cent and thwarted a 131.9p. compulsory purchase. Williams' latest four-for-five offer "alues each LMI deferred ordinary being offered 30p in cash, comshare at 241.6p. There is a cash pared with 70p last year.

Beradin boosts first half profits

Beradin Heldings, which has interests in rubber and palm oil production, raised its turnover from £280,757 to £327,832 over the first six months of 1987 and profits before tax from £8,249 to £76,310.

Crops of both rubber and oil palm were lower than a year ago but were, nonetheless, factoring the first six months of 1987 and profits before tax from £8,249 to £76,310.

Exchange losses were lower at £9,962 (£34,702) but interest income dropped to £16,472 (£31,678).

#### **COMPANY NEWS IN BRIEF**

J W BONSER, a subsidiary of Whittington Engineering is acquiring George Butler Silversmiths for £325,000 to be satisfied as to £300,000 cash and £25,000 in silver-plated products. The directors intend to raise the cash, to be used with existing

cash, to be used with existing cash resources, to settle purchase consideration, by issuing ordinary shares equivalent to nominal value of £16,499.

TOM ROBINSON has purchased Norburys of Malton and Castle Motors (York). The consideration of £2,05m has been sideration of £2,05m has been satisfied by £551,000 in cash, the issue of £500,000 in loan notes and 170,940 ordinary shares.

ULTRAMAR: IEP Securities, a subsidiary of industrial equi-ty, has decreased its interest in the company from 36,026,472 shares (12.94 per cent) to

group, to 6.34m shares, representing 20.01 per cent of the

F H TOMKINS has completed its £1.6m cash purchase of Polymark Beaver Equipment, international manufacturer of multicylinder lawmmowers for the commercial and professional markets.

TOP VALUE INDUSTRIES:
The open offer to shareholders of 3,010,000 ordinary shares, in connection with the acquisition of Continental Textiles (Manchester) has been 92 per cent subscribed.

SUTER, industrial conglomerate, has increased its stake in Amari, metals and plastics

received by October 30 allocation of shares in respect of which payment has not been made will be cancelled.

DUBILIER INTERNATIONAL has signed conditional agreement to acquire the surge arrestor business of the M.O. Yelve Company, a subsidiary of GEC, for around £1m. The business had a turnover of £4.5m and pre-tax profits of £0.1m in the year to end-March 1987.

ASH & LACY has acquired Lamben Galvanizers (85) for £71,000. It has repaid Lamben's loans and overdrafts which

loans and overdrafts which amounted to about £125,000. Lamben's name has been changed to Surrey Galvanizers. BUSINESS stalment of 35p received in respect of 793,442,141 shares (99 per cent). If second instalment on outstanding balance is not.



Hotel Inter.Continental, London 11 & 12 November, 1987

الوازيه

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**UK COMPANY NEWS** 

BY FIONA THOMPSON

engineering, overseas trading and plantation group, yesterday announced interim profits up 84 per cent and four acquisitions worth a total of £2m.

Chillington, which changed its name from Plantation and General Investments in March 1986 following its merger with the Anglo-Indonesian Corporation, employs some 8,000 people in eight countries.

Its business includes contractors' and DIY tools, marine products such as outboard motors and heavy duty port lights, agricultural tools and overseas trading, metal forming, other engineering and tea and coffee

Pre-tax profits for the six months to June 30, 1987 rose to £2.03m from £1.1m on turnover of £23.07m, compared with £12.81m last year. An extraordinary credit of £2.22m (£76,000) was profit from this May's sale

House of Lerose, garment manufacturer and fabric printer, returned profits of £702,000 pretax for the first half of 1987, a

downturn of £53,000 on the same period of the previous year. Turnover declined from £9m to £8.63m.

of 42 per cent of its stake in Tel-fos, maker of non-ferrous rods and metal spraying equipment. for shares in Lendu Holdings, which will give it a 19.6 per cent stake. Lendu has recently sold:

The contractors' tool and DIY division reported strong prog-ress and the results were good from all the metal forming companies. In the marine division, Golden Arrow performed well, but poor weather hit profit growth in the sector as a whole. On overseas trading, the results from Thailand and Malawi were disappointing. Plantation interests made only a small contribu-tion but there were signs of better commodity prices.

The f2m investment in acquisitions includes £150,000 for Overseas Farmers Group, a long established trading basiness marketing dried and fresh fruit, dairy products and honey, in the UK and Europe. At March 31 this year, OFG's losses before tax were £194,000, and its assets 5727,000.

The group is to pay £904,000 The f2m investment in acquisitions includes £150,000 for Overseas Farmers Group, a long established trading business marketing dried and fresh fruit, dairy products and honey, in the UK and Europe. At March 31 this year, OFG's losses before tax were £194,000, and its assets

House of Lerose down midway

directors were confident that action taken to strengthen gar-ment manufacturing together with investment in new plant

and techniques in the division would be effective and lead to

improved results in the medium

stake. Lendu has recently sold much of its rubber estate acreage in Malaysia and is acquiring agricultural property.

Chillington's third acquisition is REA Holdings' investment in the Sampang (Java) Rubber Plantations, for £814,000. Sampang owns 75 per cent of NV Bantam and Preanger Rubber, which operates a rubber and coconut estate in Java.

Through its Eva Brothers sub-sidiary, Chillington has bought Manchester-based John Mount-

ments within both the existing

businesses and outside and ex-pected the benefits from these developments to begin to flow through next year.

**Yearling Bonds** 

#### Lendu in profit slip and £1.2m cash call

Lendu Holdings, involved in rubber production and invest-ment, reported a fall in pre-tax profits from £36,531 to £18,538 in

profits from £36,531 to £18,536 th the first six months of 1987. It also announced the A\$1,15m (£520,000) acquisition of Indialia, a 1,990 hectare sheep and mixed farming prop-enty near Geraldton in Western Australia, and a cash subscrip-tion and rights issue to this tion and rights issue to raise

Earnings per 5p share before the extraordinary item fell from 1p to 0.42p. The directors de-clared an interim dividend of 1.5p in lieu of a final payment.
Turnover rose from £39,239 to
£55,229 and tax charges were £10,000 (£14,000).

The directors said that the rights issue - on the basis of one new share for every seven would enable them to finance future acquisitions and the develop indialia to its full potential.

#### Man and London assets rise

Manchester and London Investment Trust lifted net asset value per share from 305p after the 16 months to July 31 1966 to 798p at July 31 1967. Gross revenue before tax for the year to end-July rose from £39,836 to £162,816.

Yearing bonds totalling £0.25m at 10% per cent, redeemable on October 26 1988, have been issued by the Castle Point District Council. After tax of £56,682 (£18,685) earnings per share surged from 2.11p to 10.50p. The interim divi-dend is doubled from 1.5p to 5p.

# DOWNSIDE-NONE, **UPSIDE-UNLIMITED**

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#### BENEFIT FROM THE PREVAILING. MARKET UNCERTAINTY

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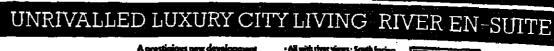


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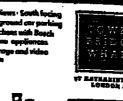
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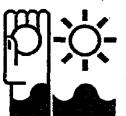








3/4 Sed Penti from £180,000 -



The conference and incentive travel business is growing by

20 to 30 per cent a year, as employers

look beyond money to motivate their staff. But the industry is not without growing pains, and clients should check on operators before booking, warns **David Churchill** 

# The spurs of the moment

THE BOOMING incentive travel business is fast approaching a crossroads in its development. six made to the supplier before the service is fulfilled, so the client can be left in an exposed while more and more compa-nies are turning to travel in the 1980s as a motivating force for staff and business customers, so an increasing number of incen-tive travel organisers have jumped on the bandwagon.

The result, almost inevitably, has been to lower the standards of some operators, while at least three incentive travel companies in page 1800 and business in recent months.

"The growth in demand has attracted a lot of new entrants, some of which are undercapitalised, operate on wafer thin margins and are unable properly to fund the considerable cash flows involved in the business, says Mr David Tonnison, mar-keting director of The Travel Organisation, one of the leading ncentive travel companies.

He points out that 'even a quite modest travel incentive programme can involve budgets of £50,000. The problem is that, unlike most other purchases, much of the payment for travel

Such problems are not un-Such problems are not uncommon in the development of any fast-growing industry. The response has been to form an industry-wide trade association to raise standards and regulate growth. The Incentive Travel Association of the UK (ITA:UK) was formed a couple of years ago and its 40 members have a large slice of the total market.

Mr Max Cuff, its present chairman, believes that raising standards in the industry is an important issue but suggests it

important issue but suggests "it is unfair to think of all small operators in the business as being 'cowboys'; incentive travel is a business where the personal service from a small company can be very important. Yet the fledgling incentive travel industry is already in danger of being split by a row, with some companies threaten-

ing to leave the trade associa-tion.

The issue at stake is whether

Organiser's Licence (ATOL) issued by the Civil Aviation Authority. Any company wanting to organise air travel - package tour operators as well as airlines - has to satisfy the CAA that it is in a financially sound position so that it can appropriet position so that it can carry out

As part of being granted a licence, the air travel organiser must obtain a bond - to a limit in proportion to its scale of busi-ness - which, effectively, is an irrevocable financial guarantee from a bank or insurance com-pany to pay over the bond to the CAA if the company goes bank-

the bond will help customers abroad complete their holiday or not incentive travel opera- or journey and will recompe tors should carry an Air Travel customers at home.

Conference and

Incentive Travel

The problem facing many small operators, however, is that tying up a large proportion of their cash flow in the form of of their cash flow in the form of a bond which may never be needed can put them under fi-nancial pressure. A bad debt from a client company in these circumstances can force such operators into bankruptcy. Mr Tonnison of The Travel Or-

Annual renewal of the licence is not a formality and the licence can be withdrawn from a company with a worsening financial position.

The row erupted earlier this year when three small incentive travel operators went bankrupt without being in possession of a bond. The result was that companies which had booked incentive programmes with these operators lost money.

The problem facing many

incentive programmes are based on contract fares, it follows that even if all incentive travel companies held ATOL licences, the protection offered would be small," points out Mr Peter Loynes from CID Incen-

travel operator's finances before agreeing a programme.
Other pressure may come from
the Civil Aviation Authority itself which is trying to stamp out
the practice known as "umbrella-ing" - where a tour operator
uses another operator's ATOL
licence.
It would be unfortunate if the

It would be unfortunate if the incentive travel sector's growth prospects are marred by further incidents of operators going inincidents of operators going into liquidation without any recompense to their corporate clients. Certainly, there can be
little doubt of the strength of
demand in the 1980s for the services offered by incentive travel
organisers.

The industry is growing by 20

#### CONTENTS

Hotels: Competition is Themes are the fashion.

picking up again. Tuscarry: Villa La Ferdinanda.

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Barbados: Hottest spot in the

South Korea: Book now for the Olympics.

Africa: Smart safaris

split between conference and incentive travel. The distinction between the two is not always obvious, however. Many companies use the pretext of a sales conference in some exotic destination or cruising in the Ca-ribbean as a means of reward-ing key personnel. Others are more straightforward and offer trip as an incentive to employees to achieve certain sales tar-

In addition, there are trips both within the UK and abroad to attend legitimate confer-ences and exhibitions: the fact that it is being held in Bangkok is, so it is argued, largely inci-dental to the fact that the con-ference has to be attended. Given this broad definition of

the market, the problems of cal-culating its size are obvious. Organisers of specialist incentive programmes estimate the mar-ket to be worth about £250m a year - although this is probably an underestimate since it does not take account, for example, of incentive rewards such as package holidays bought direct

from a tour operator.

The conference element is equally hard to estimate. While some £1bn a year is reckoned to be spent on conferences and exhibitions in the UK, this also is likely to be an underestimate since it does not include the small conferences held by com-panies in hotels. Moreover, when the amount spent on in-ternational conferences is taken into account, the true size of the industry becomes more ap-

travel business, however, remains a very fragmented industry. It ranges from single-person

dustry," points out Mr Roger Freeland, a senior conference and incentive executive for BA.

For example our recent introduction of a one-stop flight to Sydney has opened up Australia to the incentive travel world.

been motivation. After a certain level of financial remuneration, extra pay ceases to motivate sufficiently. Even though international travel may actually be less enjoyable in reality, it is the image of a trip abroad that can act as a real spur.

Many incentive program moreover, usually include the spouse in the scheme on the basis that further pressure on the domestic front will cause the executive to perform even bet-

Companies which have tradi-tionally used travel as an incentive have been those in indus-tries where selling is paramount: insurance, cars and pharmaceuticals. But an in-creasing number of other companies now use travel as an in-centive. HP Bulmer, for example, gave

a winning sales force team of seven executives and their spouses a cruise on a luxury yacht - through a company called 'Yachting Partners' - in the Mediterranean.
The yacht was a superb moti-

vator for the sales force, says Mr Fearghal Collins, Bulmer's general sales manager. Out of the total package of incentives that we offered our sales force, the yacht was perceived as the one they wanted to try for most.

Companies are looking, increasingly, for different types of trip to offer as an incentive, Sailing down French rivers in the luxury barge Fleur de Lyscomplete with heated swimming pool - is a popular incentive rivers are confined to tour ontive prize, according to tour op-erators Abercrombie and Kent. Incentive travel can be closer

to home: the nostalgic era of steam trains can be recreated on the Royal Scotsman which can be chartered for a special six-day tour round the high-lands of Scotland.

But for many, it is the long-distance destination which

offers the greatest lure. Hong Kong and Singapore, for exam-ple, are battling it out to offer the best deals for incentive trips to the Far East. Not only do they offer attractions in their own right, they are also useful places to spend a few days in before going further east.

Two destinations already shaping up to being the "in" places in 1988 are Australia -because of the bicentennial celebrations - and the Olympic tives.

The industry is growing by 20 duced."

One way out of the dilemma is for client companies to insist on a closer scrutiny of an incentive

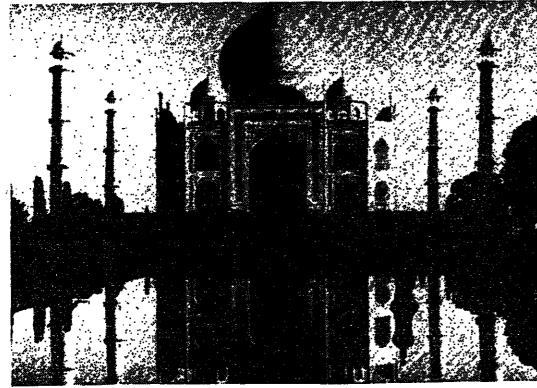
or client companies to insist on a closer scrutiny of an incentive

or client companies from CID Incentive incentive that the industry is growing by 20 duced."

Games in Korea. Florida continue to 30 per cent a year, although

The key element behind the uses to grow as a long-haul destination, with Disney World as the prime attraction.

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and Prinning Opportunities  11-15 April 10th International Conference on Software Engineering	2-5 February 7th Offshore South East Asia Exhibition	126-130 Regent Street, London WIR 5FE, United Kingdom
7-9 July International Conference on Industrial Engineering	13-16 April Food & Hotel Asia 88 8-11 June	Please send me:  more information about Conference & Exhibitions indicated
13-20 July     International Schools Association     Annual Meeting	Communic Asia 88  — International Electronic  Communication Show	the Singapore Convention Exhibition Calendar
21-25 August International Council of Psychologists (ICP) Meeting	Inforech Asia 88  — Computer Communication & Information System Show	Name:
October/November Airlines Electronic Engineering	25-28 October	Organisation:
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38th International Organisation for Motor Trades and Repairs (IOMTR)	Metal Asia 88	
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Where the world comes together.

Hotels will do almost anything to keep conference and incentive guests happy

# Quizzes, barbed wire and fortune tellers

THE CRACKLING loudspeaker in the ballroom of London's Hilton Hotel in Park Lane at the recent PR week awards ceremony drowned the words of compere Lance Percival and irri-tated many.

There are 600 senior marketing and public relations people here tonight, some of whom will not be impressed by a poor sound system," observed one marketing man. It might not be anyone's fault but you simply cannot afford to make mistakes in the competitive hotel busi-

Hotels of all shapes and sizes in the UK and throughout the world are well aware that conference and incentive travel business is a vital part of their market and is ignored at their peril Not surprisingly, competi-tion is fierce and hotels will seemingly do anything to keep conference and incentive guests

Holiday Inn's new hotel in Malta, for example, will this year have been transformed into a television quiz games studio, a miniature Olympic stadi-um, and a military battlefield at the request of various confer-

Rorer Pharmaceuticals was the company seeking a military theme for its sales conference. Holiday Inn arranged for battle hotel, and a military brass

band. Amersham International Medical based its conference around a quiz game theme -with electric lights and buzzers while next month two other pharmaceutical companies, Smith Klein and French Pharaceuticals, are creating a minature Olympics with games and

The importance of the conference and incentive travel business to hotels is emphasised by Inter-Continental Hotels, part of Grand Metropolitan. "Conferences and incentives now account for over 7 per cent of our business worldwide and we expect that figure to increase to nearer 10 per cent by the end of the decade," believes Mr Rich-ard Hodgson, European marketing director for Inter-Continen-

The incentive market is highly competitive and you have to

out Ms Julia Camp, regional tive market and offer special sales director for the Mandarin theme parties. The oriental in Oriental Hotel Group. The "something special" of-

fered by the group, she adds, "is dress costumes, barbed wire the opportunity to stay in hotels fencing around the complete which have consistently been acclaimed as the best in the world.

The Mandarin Oriental in Hong Kong, for example, was recently voted the best hotel in the world by readers of Business Traveller magazine. Its sister hotel - the Oriental in Bangkok - was again voted top by Institutional Investor magazine, an award it has won every year since the poll started in 1980.

Mandarin Oriental's newest Asian hotel - the oriental in Singapore which opened in Febru-ary - has already secured incentive business worth £250,000 from Ford Parts and Service operations in Europe. Some 1,200 Ford delegates from all-over Europe will be staying at the hotel during the last quarter of this year.

But while hotels in the Mandarin Oriental Hotel Group are among the most exclusive in the world, even they have to change offer something special," points to meet the needs of the incen-

theme parties. The oriental in Bangkok, for example, offers a "village party" where the hotel restaurant is transformed into a traditional Thai farming village with guests wearing village

The up-market Regent International chain of 12 hotels also tailors its activities to the needs of the market. 'An 'incentive package' is much more than just the best accommodation and service," comments Ms Valerie Le Moignan, UK sales director. Imagination and creative planning by the hotel with the client is essential. Our themed evenings include Rose Balls, for-tune tellers, Australian bush bands, and classical music - all ingredients for a successful in-

centive programme which will achieve the clients' objectives. • The Marriott and Hyatt hotel groups are two other leading in-ternational hotel chains which compete strongly for the conference and incentive traveller.

Trusthouse Forte also operates a special incentive voucher scheme, called Leisure Cheques, which are used by many companies as a motivator reward system. These

ent amounts and are redeem-able in almost all THF's hotels throughout the world. Their attraction is that they enable an individual executive to choose when and where to stay at their

But the large hotel groups do not have it all their own way: smaller hotel chains are also fierce competitors, catering especially to the trend for small conferences and meetings.

played host to a number of large companies - ranging from Mars - The Thistle Hotel group is an and GEC through to ICL and other company keen to develop Westmoreland Helicopters - the conference and incentive who want smaller meetings.

\*Copthorne's hotels are medinm-sized properties, which are committed to detail and per al service, says Mr Peter Brainch, Copthorne's vice-president for development and mar-

"On average, 'small' meetings comprise about 40 people. With this in mind and keeping the concept of providing personal service, Copthorne's meetings and conference facilities are tailor-made to the clients

cheques are available in differ- needs and those of the destina-London's newly-opened St

James Court Hotel is also proving to be a popular destination for small groups. Ford in the for example, recently US. brought over 100 of its too managers to a conference at the hotel. Apart from its central loca-tion, Mr Robert Tether, sales and marketing manager, claims the hotel has 'a number of facilities to offer above and beyond · Copthorne Hotels, part of our competitors - including a British Caledonian airlines, has tranquil garden situated in the heart of the hotel".

other company keen to develop the conference and incentive travel market. It operates a flex-ible voucher scheme called IncentivePlan, similar to THF's Leisure Cheques, and all its 30 UK hotels now have a facsimile machine for guests' use.

Luxury country house hotels are a growing trend in the con-ference market and as weekend break incentives. Pride of Britain is the marketing organisation for some 24 of these country house hotels.

David Churchili

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#### **Destination: Tuscany**

# Villa La Ferdinanda

which an important man could desire before he went gamehunting, was the brief that Fer-dinand de Medici gave his ar-chitect in 1587. Whether Renaissance genius Buontalenti fulfilled these requirements can be judged today by important men and women taking

time away from high-pressure business for some revivilying R and R in rural Tuscany.

The farmlands and woods of Artimino, high in the Tuscan hills, were acquired in the sixteenth century by Cosimo I, Grand Duke of Tuscany. It was his son, Ferdinand, who, im-pressed by the beauty of the countryside, decided to build a

villa there on his coronation. The Villa La Ferdinanda, characterised by innumerable chimneys like dovecots bristling from its shallow roof, has a commanding view of a land-scape almost unchanged since the days when the Medicis held

Today the villa, also known locally as the "villa of the hundred chimneys', caters for the new dynasties; hosting congresses. oferences, meetings and banquets for companies from all over the world. A buffet for 4,000 can be accommodated, or 000 can be accommodated, or is a nearby lake for both swim-sit-down lunch for 3,000. ming and fishing.

neous translation, closed cir- is virtually littered with rem-cuit television, full audio visual nants of the areas's early inhabequipment and cat-walks for sashion shows. The villa's kitchen prepares dishes from Renaissance recipes as well as more typical Tuscan fare. There villa's basement archaeological is a magnificent cellar in which tastings of the mellow local wines can be arranged in the shadow of monumental barrels.

long two-storey building which hills of lavish beauty.

Tuscany has, justifiably, an

There are six conference rooms A swimming pool had been for 300 participants and 24 planned for the hotel but initial rooms to hold meetings of 10-50 excavations revealed evidence people of Etruscan settlement and Facilities include simultation work had to be stopped. The site

An excellent rail service from a nearby village connects Ar-timino with Florence. Nearer Accommodation (80 beds in still is Vinci, home of Leonardo, all) is in La Paggeria Medicea, a a short drive across switchback

once housed the servants of the great family. Original terracotta away down a sweeping avenue brick floors and wooden beams of trees is the beautiful, faintly have been retained in rooms at mysterious hamlet of Artimino, once rustic and sophisticated. a huddle of broad, honey-col-Meals are taken in another con-oured buildings with secretive verted grand building of the es-little windows. Artimino, its en-tate, the Biagio Pignatta restau-trance arched beneath a clock rant which offers excellent al tower, has two treasures: a stur fresco dining in the landscaped dy Romanesque church and grounds.

A pretty, white-haired lady in international reputation for her eighties, Delphina is a bit of both its food and wine. Health- a bully, according to her sons, in conscious guests, attempting to the kitchen of her restaurant beat the worst effects of over-in- which is converted from a handdulgence, can be seen jogging some farmhouse. But to the cus-round the grounds or playing tomers, canonisaton would not tennis on the hard courts. There be good enough for her.

#### **Destination: Paris**

# Extra allure

PARIS HAS some matchless ad-vantages. It is the closest of the be persuaded to pick up their sophisticated city destinations; customers at points that fit in it has, in the jargon of the trade, with the schedule. the most attractive (cheap) air-fares and it has a more varied collection of hotels, restaurant and 'leisure opportunities' than

the most attractive (cheap) air fares and it has a more varied collection of hotels, restaurant and 'leisure opportunities' than almost any other city.

It has really only one disadvantage: for today's increasingly well-travelled company person, Paris may already be so familiar that the prospect of three or four days whooping it up down the boulevards may not be quite exciting enough.

The companies specialising

not be quite exciting enough.

The companies specialising in incentive travel, like Travel Awards which is one of the top three, are well aware of the problem and are increasingly building into the Paris packages the kind of allure that even the most world-weary will find attractive.

High on the list of extras is

attractive.

High on the list of extras, is dition and a charm with which the highly exclusive St James's Club, newly-ensconced in a grand turn-of-the-century chateau barely a stone's throw from the Avenue Foch.

Paris still has incomparable night-life to offer. Many an intentive tour operator will put into the backage an evening at Athenee or the George V have

into the package an evening at one of the most sophisticated floor shows in the world. As for eating out, even the most jaded of appetites can usually be guaranteed to be awakened by a few pertinent arrangements to take in the restaurant life of the

city. The grand restaurants are well-documented, nevertheless a visit to some of the current temples of haute cuisine - Robuchon, Taillevent, Le Grand Ve-four, Carre des Feuillants, Lucas-Carton - can be a powerful

incentive.
For those groups on a lower budget, Paris still abounds in brasseries and Bistros de Quartier. Places like La Coupole in Montparnasse, the Vaudeville in the Rue Vivienne and the Brasserie Lipp, remain match-less places for people-watching and taking in the panorama.

Then there are the Bateaux Mouches which are among the best floating restaurants in the world. They are ideal for incen tive travel groups since they can cope elegantly with large numbers all at the same time, they provide superb food, the views of the city that a glide along the Seine provide are incomparawith the sche

rith the schedule. For really grand dinners,

really large groups - tour opera-tors often have to use the Meri-dien and the Concorde Lafay-ette. Both are conveniently, if unromantically, situated close to the Palais de Congres and of-fer the modern convenience of The Grand, near the Opera, is likely to be a good new addition to the list - not only is it more centrally located but it has tra-

Athenee or the George V have Lucia van der Post

the world's best, both for

value and foreign holiday

excitement – Canada, Each of our cities offers its own

natural attractions like

Niagara Falls and the Rocky Mountains, And

#### Conferences

# UK is second

£3.5m purpose-built conference centre - tangible evidence of confidence in the growth of the UK conference business.

The new conference venue was opened at the Olympia exhibitions complex in West Loudon but can also operate inde-

pendently.
We decided to build the contractive meetings unit which can also provide ample exhibition space alongside," says Mr David Fasken, managing direc-tor of Earls Court & Olympia.

We believe there is a short-age of space in London for the xhibition-led conference and the conference-led exhibition," he adds.

London was for many years the city that everyone wanted to come to for a conference - be-cause of its obvious attractions as one of the world's leading capitals. But, frequently, international conferences went else-where because of the lack of adequate facilities. In the last decade, however,

this has changed - not only in London but throughout the rest of the UK as new facilities have come on stream

According to figures presented at last year's Congress of the European Federation of Conference Towns, the UK is now the second most popular destina-tion for major international as-

sociation meetings. Mr Ghislaine de Conninck, iconference director for the Brussels-based Union of Inter-national Associations, told the congress that in 1985 the Union recorded some 6,232 international association conferences

a rise of 13 per cent over 1984. Of the 1985 total, 3,952 were in Europe, 1,181 in the Americas, 1659 in Asia, 243 in Africa and 128 in Australia. (A few confer ences went to unspecified desti-

Although the US (with 706 conferences) was the top country of destination for such conferences - because many associations are based there - the UK moved into second place with 98, edging out France. West Germany, Switzerland. Belgium, Italy, the Netherlands, and Austria came next in order of popularity.

popular city for these interna-tional conferences with 274 meetings, ahead of London with 238. Next came Brussels, foilowed by Geneva, Vienna. West Berlin, and Rome. New York. the most popular venue for in-ternational conferences in the US, only came eighth in the world rankings. Although they are relatively

few in number, these international conferences are much sought after because they bring high-spending executives and considerable prestige. World Congress of Gynaecologists, for example, was reported to have spent an estimated film

last year when the Americans decided to boycott Europe in

and Chernobyl incidents. Th numbers of visitors from North America piummeted alarming 50 per cent in the immediate aftermath of the incidents - although by the end of the year the market had largely recovered in terms of actual vis-

itors. The implications for the UK ference centre because of the conference market, however, clear need in London for an atand incentive market has not fully recovered from last year's events," points out Mr Robin Lees, director of the British Hotels Catering and Restaurants
Association. Because these
tours have to be put together at
an early stage, they are not likeby to be back in force until next

Many international conferences and special corporate and group trips are booked at least a year in advance - in some cases the lead-time is several years. Thus fears of terrorism last year could have repercus-

sions for years to come.

However, the London Visitor and Convention Bureau reports that inquiries and firm bookings for group travel have picked up considerably this year. Many in the travel trade believe that the American or ganisers of major conferences are too sophisticated to be put off by the scares of last year and know that London and the UK

remains a leading destinaton. Mr Frank Kelly, head of international relations at the British Tourist Authority, points out that most Americans bave been here before and they know we have a lot to offer

London's popularity as a conference destination encouraged the British Government to build the Queen Elizabeth II conference centre in Westminster which opened last year. The aim of the centre is to provide substantial conference facili-ties for meetings of world lead-ers - although the centre is also being used by a range of com-mercial customers.

Earlier this year the Wembley conference centre upgraded its facilities to keep up with rising demand and next year a new conference and exhibition centre is due to open at Alexandra

Palace in North London
Outside London the National But Paris emerged as the most Exhibition Centre based near opular city for these internatially to increase its capacity over the next few years. The new G-MEX centre in Manchester is another regional venue competing for international and domestic business.

Although there is a clear de mand for large-scale meetings the NEC housed the recent British Telecom shareholders meeting - there is also a trend in the conference world towards smaller-scale meetings in hotels or small conference venues. Similarly, the development of technology has made video-con ferencing a realistic and cost-effective alternative to actual travelling to conferences.

to have spent an estimated that to have spent an estimated that in direct costs in six days in the travelling to conferences.

West Berlin last year - not British Telecom International offers a number of services. West Berlin last year - not counting the extra revenue generated in shops and restaurants such as Face-to-Face videoconferencing which enables interin the city. ferencing which enables inter-The buoyancy of London and active meetings to take place in the UK in the international con-the UK in the international con-

David Churchill



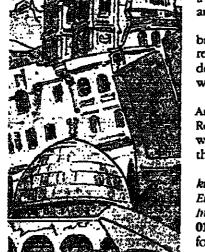


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Zurich 

(Just some of the locations from which to choose).

Eating out in Hong Kong is a way of life - just one of the attractions

# **Exoticism that guarantees a buzz**

HONG KONG is one of the world's leading incentive travel destinations - it was voted the number one destination in a re-

cent poll of 100 specialist incentive travel organizers.

Even with the threat of 1997 hanging over the colony - when it will be handed back to China-Hong Kong is still supremely full of confidence about its future and its attractiveness to in-

ternational business travellers. The attraction of Hong Kong The attraction of Hong Kong is firmly based on its exoticism. It is a city teeming with life and activity, offering the visitor a breathtaking array of choices of restaurants and hotels, shops and excursions. At night the city comes alive with thousands of neon signs and lights from the

towering office buildings and tive economy operates," she Oriental (recently voted the apartment blocks.

adds.

Oriental (recently voted the best hotel in the world by read-

Incentive travel organisers Even if Hong Kong's bustling ers of Business Traveller magarate Hong Kong so highly simply lifestyle begins to pall, it still zine), Regent, Peninsula, and because they know it provides a offers the advantage of being at Shangri La - to name but a few

**Destination: Barbados** 

# **Hottest spot** in Caribbean

when colt Mitsubushi wanted to provide an incentive for its UK car dealers last year it decided to break with its previous caribbean. ous policy of choosing short-haul incentive destinations and chose instead to go to Barbados. It was a move which has been some 30 hotels representing about 700 beds. Now, however, there are almost 180 properties, representing some 15,000 beds. Leading hotels are Trusthouse Forte's Sandy Lane Hotel, Marriott's Sam Lord's Castle, and Copthorne Hotel's Heyfollowed by an increasing num-ber of companies both in the UK and US - companies such as Peugeot Talbot, Kodak, Kidder Peabody, Dun and Bradstreet, and Canadian insurance group United Investment Services.

What all of these companies had decided was that Barbados looked to be the most attractive Caribbean destination for an in-

centive trip.
Other Caribbean islands clearly have their admirers, but Barbados' unique history in the Caribbean - it never changed hands, unlike its neighbours, af-ter the English first landed in 1627 - gives it an edge for incentive organisers taking execu-

tives away for a few days.
While holidaymakers usually find the uncertain electricity east cost. (Sam Lord's Castle is on this side.) Heywood's 306 rooms, more-over, are spread over seven dif-ferent buildings, which provide supply and indifferent service on other Caribbean islands "charming" after all, they are on holiday - Barbados stands on holiday - Barbados stands alone for the quality of its infrastructure. Bus services are plentiful, the phones work, and the standard of literacy is higher than anywhere else in the Caribbean (and a few other places as well).

Barbados, a flattish island measuring only about 21 by 14 miles, is carpeted by sugar cane fields and has some of the best beaches in the Caribbean. It is

beaches in the Caribbean. It is their way into the trip. Barbados switch its economy away from heavy dependence on sugar cane to develop tourism, although the country also length of time people stay from the UK is seven days. This was ing industrial sector.

he attraction of Barbados lies beyond its temperate cli-mate - ranging between 70 and sidered value for money by both 85 degrees Fahrenbeit - to en-the company and those lucky compass historic churches, pic-turesque local festivals, cricket

matches, horse races, and folk

"buzz" not only to executives go-ing on trips but to their spouses as well. There is literally no-where quite like it in the world.

Nowhere motivates more than Hong Kong - it is a place that exists on incentive," points out Ms Jenny Salsbury, assistant manager of the London office of the Hong Kong convention and incentive travel

"When a sales force on an in-centive trip arrives in Hong Kong, they receive a top quality holiday as a reward, while see-ing at first hand how an incer-

In the 1950s, Barbados had lit-

the in the way of international hotels to lure visitors: it had some 30 hotels representing

woods complex.

Heywoods, which is a joint venture between the Barbados Government and Copthorne, is

hidden amidst 30 acres of tropi-cal gardens about 15 miles north of the island's capital,

Heywoods is particularly pop-ular with incentive travel or-

ganisers for several reasons. If

is on the more sheltered west coast of the island, for example,

which makes it better for water-sports than the Atlantic-facing east cost. (Sam Lord's Castle is

While most American groups to the island stay only five days-because of the shorter flight

times from the US - the average

Colt trip to Heywoods. The cost

David Churchill

the crossroads of the Far East. We provide the incentive or-ganiser with an unrivalled choice in the Far East," says Mr John Moxey, UK manager for Cathay Pactic, the Hong Kong-

based international airline "Groups can fly to Hong Kong and then take either post or pre-convention tours to any one of the 19 destinations in the Far East served by Cathay." The most popular of these "add-on" trips are to Bangkok, Manila, and Penang. Cathay's bid to win the incen-

tive travel business means that it guarantees its fare prices for up to two years in advance for those who need to book early. Its incentive approach also means that groups can book seats in advance so that they sit together, and menu cards and other gifts can be over-printed with a company's logo if re-

One factor that makes Hong Kong so attractive to incentive ing," comments Mr Patrick organisers is the quality and range of its hotels. Apart from top hotels like the Mandarin time that I have ever encountered to create a themed even ing," comments Mr Patrick organisers is the quality and Purdon, convention director of Allied Dunbar. It was the first top hotels like the Mandarin time that I have ever encountered to create a themed even.

the Russian

State Dancers

Georgian

At night the city comes alive with thousands of neon signs and lights from the towering

office buildings and apartment blocks.

of the many luxury hotels in the

colony - there are many more budget priced hotels. The Excelsior in Hong Kong, part of the Mandarin Oriental Hotel Group, is one of the most popular hotels for incentive business, accounting for more than 50 per cent of its overall

capacity.

T estimate that we have had some 17,000 incentive visitor nights this year, giving us more than HK\$11m in revenue from the incentive travel market alone," points out Mr Glen Farmer, the Excelsior's general

The Hong Kong Regent hotel voted number two in the world by the American Institutional Investor magazine this year was the choice of the Allied Dunbar group earlier this year.

Special programmes were prepared, and the superb dining room was completely redec-orated to create a themed evening," comments Mr Patrick Purdon, convention director of

These events generated some 71,400 delegates, an increase of just over 8 per cent on 1985.

The number of incentive groups visiting Hong Kong last year rose even faster. There were some 335 such groups - a rise of almost 40 per cent on 1005.

tered such an exceptionally high level of service."

1985 - with 35,700 participants, an increase of 29 per cent. Such buoyancy in recent years has led to the building of a new purpose-built convention and exhibition centre which is due to open next autumn. Lo-cated in the Wanchai district on Hong Kong island, the centre will offer the latest in conference technology within two major halls, each 9,100 square metres in size. Among other amenities the centre will offer are simultaneous translations,

together with full back-up in VIP suites and press rooms. Perhaps the real key to Hong Kong's attraction for the confer-ence or incentive visitor is the range of eating places. Eating out in Hong Kong is a way of life from the richest to the poorest, everybody eats out. At one end of the scale are top hotel restaurants such as the Pierrot in the Mandarin, ranging through to literally thousands of chinese restaurants, offering a complete range of specialist Chinese cui-

David Churchili

#### **Destination: South Korea**

# **Hurry for Olympics**

NEXT SEPTEMBER Seoul, the tered such an exceptionally high level of service."

Allied Dunbar's satisfaction with Hong Kong is mirrored by many other companies. Last year there were some 462 conferences and exhibitions held in Hong Kong, an increase of almost 10 per cent over 1985.

These events generated some 17.1 400 Alexander in the South, the great majority in the South of the first time should become an incention of the south of the south. can it offer the visitor?

can it offer the visitor?

Until recently, South Korea has had an authoritarian government which has ensured that the preparations for the Games have gone ahead with despatch. An Olympic Park has been constructed about eight miles from the central of South miles from the centre of Seoul and imaginative stadia built for gymnastics, fencing, weightlift-ing, and tennis - a new sport at the Olympics. A swimming pool

is also emerging here.

Alongside is the village for the athletes and the press, who will be housed in tall blocks of flats. The Olympic Stadium for the athletics events is about two miles away. There are fine mod-ern facilities and excellent viewing opportunities. The suburban setting still retains just a hint of the past. The park is on the site of an ancient burial ground and the mounds have been left to add a touch of mystery to the modern architecture.

South Korea is expecting
200,000 foreign visitors to the
Games, and they will be channelled into hotels; Yogwans
(Korean inns which give a flavour of oriental living by, in theory, offering little more than a mattress); the equivalent of bed and breakfast in Korean homes;

and in the Village itself.

So on the surface all is pro-

Seoul, and Korea, like? Does it a mass of foreign tourists, and offer an incentive? a mass of foreign tourists, and unless you can decipher Korean

The city is modern, with wide boulevards directing a constant stream of traffic into extensive one-way systems. At first you wonder where all the people live until you see pockets of red roofs on the sides of the hills which decorate the city with attention and the sides of the hills which decorate the city with attention and the sides of the hills. tractive panoramas. But, in the main, the centre is given over to shopping, to administration, to museums, to commerce, and to

Traditionally, the smart hotels - the Lotte, the Plaza, the Westin, clustered together near the City Hall. Now they are spread. The best is the Hitton, followed by the Hyatt, slightly off the centre. But be quick - all the first-class hotels are almost. fully booked.

Fleets of cars will be supplied to take visitors to the Olympics from their central hotels. Over 20 new hotels are being con-structed nearer to the actual site of the Games but you would find yourself stranded at night, away from the action. Taxis are cheap in Seoul but there is a complicated two-tier system, with the yellow and green cruis-ing taxis usually occupied while the more expensive beige taxis have to be called by phone.

South Korea next September should provide sufficient incentive to any executive. The weather should be perfect - intense blue skies, but a cooling breeze; the place proud of its modern comforts but with a strangeness just below the sur-

face; efficiency with courtesy.

There are some difficulties.

script it is hard to dive into the local life. Even recognizing bars and restaurants can be a prob-lem and, when inside, choosing from incomprehensible menus is a doubtful thrill.

The smart hotels often serve everything but Korean cuisine, which is a pity. But any visitor must try kimch'i - the national dish of cabbage or turnip soaked in garlic and available from breakfast - and soju, the local spirit. It may require a dive down a side street and into a local restaurant, too, but the rewards could be the highlight of the trip. The Koreans, strong of the trip. The Koreans, strong on pride and ceremony, are inclined to offer visitors only what they consider the best which can mean meals of beef and French wine.

It looks as if this Olympic Games will be free from political walk outs - with the probable everytion of North Korea

ble exception of North Korea. The South Korean Government will impose tight security to prevent any disruption of an event which is designed to celebrate the country's arrival as a major Asian power. If it can do
this without making life too uncomfortable for the visitors,
then early autumn in Seoul
should be a memorable experi-

from The Korea National Tourism Bureau (Telex KOTOUR K28555; Tel (Seoul) 010822 757-5988). Sportsworld Travel, 320 Old Brompton Road, London SW5 9JH, is registered as the official agent for the UK.

**Antony Thorncroft** 

# ceeding smoothly. But what is Seoul is not geared to cope with WE MUST GO ON MEETING LIKE THIS.

What makes the Big Heart of England one of the world's great meeting places? The answers would fill a book. In fact they do, the Birmingham Conference and Travel Manual 1986/87. But before you send for it let's have a quick look at what gives the area a flying start over anywhere else. There's the National Exhibition Centre. In a week of the Motor Show nearly a million people passed through its doors. And by the turn of the decade there'll be an equally large and prestigious International Convention Centre and hotel complex right in the

middle of Birmingham. Or you can choose from over 120 specialist con-

ference venues. Each with its own distinctive character. From a stately home to a spacious indoor arena. From a quiet country hotel to an internationally famous sports venue. All the facilities, entertainment and recreation you could possibly need are right here and of course no where in Britain is easier

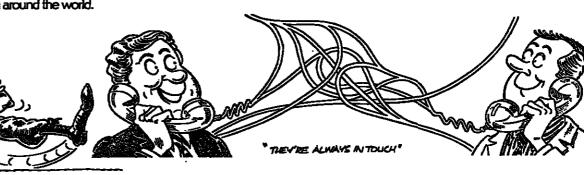
HALFORDS BIRMINGHAM SUPER PRIX AUGUST BANK HOLIDAY.

Right through the year the stage is set for the biggest names in show business, Tina Turner, Paul Simon, Stevie Wonder, Johnny Mathis, Cliff Richard, Tom Jones, Lionel Richie, Elkie Brookes. The choice of nightclubs is as varied as the international cuisine in the City's bistro's, wine bars and restaurants.

We are regularly visited by major acts and cultural bodies from around the world. This year we play host to the London Festival Ballet and

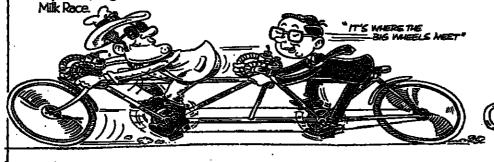
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No prizes for quessing why people like British Telecom and British Gas are holding their AGM's here. The lines of communication couldn't be easier. At the heart of the national road and rail network. Served by its own International airport with direct jet links to over 20 countries.



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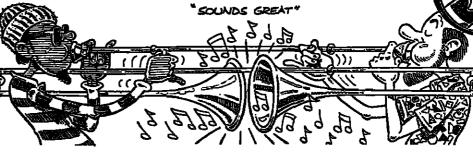
The Big Heart of England is where the world meets. International buyers, exhibitors, delegates find the facilities and infrastructure conducive to successful business. This year the International Police Association will be here. So will Round Table and the Law Society. Plus international sports events, England USA Athletics, the Birmingham Super Pmx, England v Pakistan Test matches and Cycling's



The Birmingham Convention and Visitor Bureau is on hand to provide information and help you with arrangements. We can book theatres, restaurants, concerts, sports and other major events. We'll help you choose the right conference venue, put you in touch with specialist conference and exhibition organisers, interpreters and guides. For a smooth running event we'll bend over backwards for you.

THEY BEND OVER BALKWARDS FOR YOU

The list of things to do in the Big Heart of England is sweet music to a businessman's ears. The CBSO conducted by Simon Rattle, the Royal Shakespeare Company at Stratford, the Severn Valley Railway, the birthplace of the Industrial Revolution at Ironbridge Gorge. Over 50 golf courses and 6,000 acres of parkland. Our latest Conference and Travel Manual has pages packed with information and ideas, post the coupon for



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BIRMINGHAM. ONE OF THE WORLD'S GREAT MEETING PLACES

## **Destination: Africa Smart safaris**

WITH PLACES like Cairo, Nairobi and Mombassa all less than a day's flight away. Africa, and the safari, is increasingly at-tractive for the incentive travel

Kenya has the most devel-oped and sophisticated on the ground support systems. Aber-crombie and Kent, for example, has been operating there for 25 years, owning a large and effi-cient fleet of their own vehicles and the tented camp at Kichwa Tembo. In addition, through Signet Hotels, they have access to the Aberdare Country Club, the Ark and the Mount Kenya Nairobi has some very sophis-

ticated hotels - apart from the Stanley and the Norfolk, still tangibly hung around with the left-over romance of the Big White Hunter legends, there is the Nairobi Safari Club which is very swish indeed. Then there are the large, new modern hotels like the Hilton and the Intercontinental which offer the predictable comforts and are also able to cater for very

large groups. Most of the Nairobi hotels are well able to stage the theme nights which have become part of the travel incentive scen and they are perfectly placed for setting out for the safari.

The safari circuit in Kenya is conveniently arranged so that large groups can easily be split up into three or four smaller groups to see the animals, without losing contact with each other for too long. Meeting up for gala dinners, prize presenta-tions and the like can easily be arranged later.

is always popular and this, too, is within easy reach of Nairobi. If the programme is to be longer than four or five days, it is al-ways possible to add in exciting ple at Luxor. The possibilities extras like hot air ballooning or have scarcely been touched on link the holiday in with some days at the coast. Mombassa is the traditional resort that works in well with Nairobi - hotels like the Intercontinental at Ny-

for incentive groups.

for an even greater sense of exoticism a trip to Kenya and Nairobi can be linked in with a few days in the Seychelles: they offer an almost perfect climate most of the year round, excel-lent hotels (there is already a Sheraton and next year should see the opening of a new Inter Continentall, good food and everything the holiday-maker needs for real relaxation.

Another option increasingly being looked at is Mauritius again it offers a good climate for most of the year (a course of

most of the year (a couple of rainy months are the only times to avoid). As in the Seychelles there is not too much in the way of sight-seeing but there are schooner trips, plenty of deep-sea fishing and windsurf-

Other areas in Africa are making a bid for some of the business that used to go to South Africa. Zimbabwe, with its new Sheraton Hotel in Har are, is particularly keen to attract this lucrative market, but, for the moment, the big players do not feel they quite have the

Egypt, however, is a real contender in the competitive world of incentive travel. Cairo has almost too many hotels - these days the deviser of group packages can choose between the Marriott, Sheraton, Meridien and many more. Apart from the reach of the city, there are the hotel boats which are very well

rranged later.

Alternatively, a three-day stay
Trips down to the Masai Mara in Cairo can be linked with a flight to Aswan with wonderful things to see - the Valley of the Kings, the Valley of the Qu and many specialist operators see Egypt as an almost limitless

source of exciting packages.

**US MARKETS** 

NEW YORK

# Rubber pact proves its resilience

THE FIRST International Natural Rubber Agreement (Inra I) expires today after seven years in operation. Like

Inno's BSM had to enter the cised. The first buffer stock of the tin fiasco. Of the tin fiasco. During the before Inra II come staggering stock of 370,000 way through his term when he before Inra II come the BSM is authorized. the commodity it serves, the agreement has proved its resilience, emerging as one of the more successful commodity

Thanks to prices breaching the "may sell" level last month Mr Aldo Hofmeister, the buffer stock manager, has been able to unload as much as 10 per cent of his huge stockpile, demonstrating to consumers that the agreement has not merely been a subsidy scheme for producers. It shows Inra is not just a one way street" says Mr Hofmeister.

That augurs well for Inra II, which is expected to come into operation in about a year's

Just two years ago, however, there were doubts about the survival of the rubber pact, following the sudden collapse of the tin market. Like the International Tin Council, the Kuala Lumpur-

based International Natural Rubber Organisation, aims to stabilise prices within an agreed range through the operation of bufferstock, buying when prices are too low and selling when they are too

For a while, it looked as if Inro was heading the same way as the ITC. Steady expansion of rubber planting particularly in Indonesia, Thailand, China, and India, led to an excess supply situation in 1984-85.

Tin appeals

in Januray

FIVE APPEALS against High Court rulings in the litigation

court headed by Lord Justice Kerr, which will give a single judgment on the five cases.

Yesterday Lord Justice Kerr fixed January 18 for challenges to judgments striking-out actions in which tin brokers:

J. H. Rayner (Mincing Lane), a

£16m ITC creditor, and Maclaine Watson, a creditor for

£6m, sought to make the Council's members liable for its

In each case High Court judges held that the ITC had a

separate legal personality and that its members—the UK, 21 other states and the European

Community—were not liable.

The ruling in the Rayner case

affected parts of claims by other broker and bank credi-

They are by Amalgamated Metal Trading an LME broker,

disclose full details of its UK

assets to Maclaine Watson.

multi-million pound debts.

By Raymond Hughes,

New Year.

to begin

TIS\$200m.

The reference price to which and consumer members.
"buy" and "sell" triggers are
It took more than two

It took more than two years linked was revised downwards and four rounds of negotiations twice, each time resulting in before Inro members agreed on friction between the 32 pro- Inra II in Geneva last April.

On the day that the first International Rubber Agreement expires, Wong Sulong looks at the prospects for its successor, due to come into effect next year

ducer and consumer members. Consumers complained about agreement had soured con-ne high cost of financing the sumers' attitudes, producers the high cost of financing the stockpile Confident of plentiful supplies, they became less sympathetic to the plight of producers caused by depressed prices, particularly after the tin market collapse and when evidence emerged to show that the Malaysian Government was involved in a secret buying operation to try to corner the tin market.

On the other hand producers, particularly Malaysia, became disenchanted with commodity pacts in general, accusing con-sumers of abandoning the spirit of co-operation that marked commodity negotiations during

Inro council sessions during 1984-85 were difficult and politi-

before Inra II comes into force, found he was caught between conflicting demands of producer the BSM is authorised to sell as much rubber as he deems fit as long as he does nor disrupt

He has to sell at least 2,000 tonnes a month to raise funds for the maintenence of his stockpile and the running of the Inra headquarters.

Mr Hofmeister says his main job is to ensure that the rubber price, now around 238 cents a kilo, does not breach the "must sell" level of 242 Malaysian/

Singapore cents.

Traders have expressed surprise that despite the heavy BSM sales, the rubber market has held firm, reflecting the strong fundamentals.
In contrast to the surplus situation two years ago, supply and demand is in rough equili-

brium. Periodic production shortages, the continued ecoprices were depressed. So they had to give up hopes of an increase in support prices and nomic recovery in the developed nations, the steady switch to radial tyres which use more natural rubber, and the strong demand for latex rubber owing to a surge in the usage of A major change in Inra II is gloves and condoms because of the AIDS disease, have all led to the rubber price hitting a four-year high. Natural rubber months preceding a price review has been outside the range between the BSM's " must growers are currently enjoying

a mini-boom.

The thinking among most traders is that current prices should be sustainable for the All borrowing provisions were deleted from the rubber agreement at the insistence of rest of this year, and possibly through the first half of next

# Boliden in Saudi gold project

metals, and chemicals group, has signed an agreement with General Petroleum and Mineral Organisation (Petromin) of Saudi Arabia to develop the country's first gold mine. In-volvement in a second gold mine arising from the collapse into insolvency of the International Tin Council will come before project in under discussion.
The gold deposit, situated in
Mahd adh Dhahab in central the Court of Appeal in the Saudi Arabia, is expected to yield about 120,000 tonnes of ore and 3,000 kgs of gold per Arrangements have been made for them all to be heard in January and February by a

year.
"We expect the ore reserve

BOLIDEN, the Swedish mining. Tich mine, this single mine will produce almost as much as 18 gold mines in Sweden," said an official in Boliden's mineral Boliden is sending a team

While the collapse of the tin

were negotiating from a posi-tion of weakness because rubber

settle for an unchanged reference price at 201.66 Malaysia/

the mechanism for a minimum 5 per cent automatic price

revision whenever the average market price during the six

and "must sell" trigger

Singapore cents a kg.

from its mining and consultancy divisions to Saudi Arabia next month to advise on starting up production at the mine and to have responsibility for the management of the operations. Production is due to start next Still under discussion, how-

ever, is where the gold concento last 10 years — this is a very trate will be refined. Boliden

has offered its precious metals smelting operations in Roem-skaer, Sweden, and says that treatment of the Saudi Arabian gold would not interfere with its current plans to reduce production there in order to meet environmental curbs on sulphur dioxide output. In the meantime, it is hoping

for a second agreement with Petromin to start work on another gold mine in which Boliden has a 50 per cent share. Again Boliden is looking for a consultancy role in putting the

#### US soya growers step up attack on EC tax plan

BY JOHN BUCKLEY

THE AMERICAN Soyabean Association this week issued its soya were removed, he said, strongest warning yet that loss soyabean meal within the EC of its markets in the EC would rise to \$400 and soya oil through unfair subsidised com-petition will meet with massive retallation. Addressing a conference

jointly organised by the ASA and the Agricultural Industry tors of the ITC, as the legal arguments common to all the claims were deployed before Training Services in London, ASA vice-president Mr James Lee Adams attacked not only an EC proposal to tax internal the other three appeals would not begin before February 8. against the striking-out of its petition for the compulsory He pointed out that funding now running at some \$4bn a winding-up of the ITC, by Maclaine Watson, against the year had multiplied EC oilseed production from 1.8m to 11m refusal to appoint a receiver of the ITC, and by the ITC. against an order that it must tonnes in the last decade, causing a sharp decline in US soyabean exports.

The ASA's main fear, Mr Adams said, was that once it reached 50 per cent self-sufficiency in oilseeds — which would probably happen this year — the EC would move to withdraw its duty free hindurgs. In the House of Lords on November 2 the Law Lords will be asked to rule whether ITC documents can be used as evi-

If the duty free binding or to \$1,000 per tonne (from about \$210 and \$370 respectively at present). "That would be devastating," he said, "for the EC's livestock and poultry sectors and to margarine manufacturers."

the heavy subsidies already reiterated that if the first pro-employed by the Community to posal resurfaces when EC encourage use of domestic Ministers meet in Copenhagen rather than imported oilseeds. in December, a petition will go posal resurfaces when EC Ministers meet in Copenhagen EC in December, a petition will go

He warned that Gatt proceedings could also start "If the EC does not take drastic and immediate steps to elimiproduct producer and processor subsidies . . . and cease all efforts to implement a consumption tax on vegetable and marine oils and meal."

#### Pakistan | widens tea imports BY MOHAMAD AFTAB IN ISLAMABAD-

PAKISTAN WILL import \$90m worth of tea from four countries under the Government's policy for introducing compet-tion against multinationals. The Government will allow independent business to take part in the trade as well as Liptons and Brook Bond, which are subsidiaries of Unitever, the UK multinational. But the The ASA recently shelved proposals to take the EC to task under the Gatt over its the state-owned reading Corporation of Pakistan. oration of Pakistan.
Liptons and Brook Bond came in for criticism from the Pakistani Government earlier this year for switching their tea imports from cheaper sources like Bangladesh. Sri Lanka and Indonesia to Kenya, where Unilever owns tea gardens. The switch caused balance of payments problems for Pakistan, which exported hardly anything to Kenya.
On the other hand substantial

imports from Pakistan into Bangladesh and Sri Lanka suffered because the loss of tea sales to Pakistan meant those countries were short of foreign exchange.

Contracts have been signed for tea imports valued at \$30m from Sr! Lanks and \$20m from Bangladesh. Deals for Kenyan and Indonesian tea, worth \$30m

and \$10m respectively, are expected to be finalised within days, officials said.

All the four countries have been asked to import Pakistani goods, especially engineering goods, to an equivalent value. In the year ended type 30 In the year ended June 30, Pakistan imported \$142m worth of tea but in 1988 the figure is expected to fall to about \$100m because of lower international prices and purchases

Tanzanian cotton ABOUT 60,000 tonnes of harvested raw cotton, worth some £8m, may be spoiled by rain in Tanzania's northern Shinyanga

# dence in the tln litigation— an issue that arose in an action by two Shearson Lehman companies—against Rayner, Maclaine Watson and the London Metal Exchange which is due back before the High Court on January 11. sufficiency in oilseeds—which would probably happen this year—the EC would move to remove the disease that's stifling US soyabean exports." said on soyabeans and soyabean Mr Adams, who concluded: meal and establish variable start a trade war. But we imports. The US would then be "out of the European market" totally."

Bumper harvest cuts US apple prices

US CONSUMERS are being 55m last year. urged to eat more apples this year to absorb record harvests from Washington state, the self-proclaimed apple centre of roughly 100 top-grade apples is

more apples this year than the Apple Commission is hoping sumer demand and we've never we've ever had," Mr Chuck prices will bottom out once the reached the point of satura-Saint-John from the Washington harvest is completed and start tion." he states. Apple Commission declares. A to rise again into the peak combination of good weather, November-December sales improved farming methods and the expension of orchards will mean a rise in fresh shipments by Washington state's 4.500 and the UK is one of its top to around 70m boxes, up from growers are the upmarket Red markets.

Taking the commission region because it is stored in the open or in crude village the open or in crude village sheds, according to Radio Tanzania.

Delicious variety as well as This has led to some initial some Golden Delicious - and Mr Saint-John is confident there will not be a glut of them. "The apple market has from cheaper sources. the world. currently selling for \$10 com. them. The apple market has "We're expecting 25 per cent pared with last year's \$14, but always been driven by con-

In fact, the Commission is

A Commerce Ministry official says the Government is also keen to assist the mining industry in the intro-duction of new technologies so as to improve operational

#### LONDON MARKETS

COPPER and aluminium

INDICES

REUTERS

Oct. 20 Oct. 19 M th ago Year ago

prices yesterday recovered some of Tuesday's dramatic losses fellowing the upturn in world equity markets. Three-month copper added £50 a tonne after Tuesday's fall of £119, and three-month standard aluminium put on £43 a tonne after falling £87.25 the previous day. Dealers said the liquidation. Dealers said the liquidation on Tuesday was totally unexpected—the LME announced that it had traded a record total of 45,990 lots, compared with the previous record of 27,500 lots a menth ago. Yesterday's stronger trend was seen as a technical correction to a heavily overcorrection to a heavily over sold market, dealers said. Buy-ing interest in the morning —some from the Far East— helped prices upwards, and in spite some profit taking, the trend was maintained. In contrast, nickel prices continued to weaken on profit-taking, prompted by recent advances to six-year deliar highs. However dealers said that a fundamental shortage

#### ALUMINIUM

99.7% | Unofficial + or | High/Low purity | close (p.m.) —

to provide underlying support.

LME prices supplied by Amalgamated Metal Trading.

2a h 1940-60 +65 8 m on the 1890-40 +70 Official closing (am): Cash 1960-70 (1850-70) three conths 1840-50 (1730-50) settlement 1960 (1870). Final Kerb close: — Ring tempows: 200

1171-3 +94.5 1099-5 +43 1100/1004 Official closing (am): Cash 1174-6 (1100-02) three months 1085-6 (1015-20) settlement 1176 (1102). Final Kerb close: 1087-8. Ring turnover: 35,850 tonnes.

#### COPPER

Grade A	Unoffici close & per 1		High/Low
Bash S months	1175-7 1106-7	+62.5 +50	1175/1170 11 <b>22</b> /1078
	three Rijoment	nionthu 1177	1104-5
Standard Cash 5 months	1165-86 1100-5	+ <del>12.5</del> + <del>12.5</del>	=

Official closing (am): Cash 1155-65 (1630-40) three months 1100-4 (1015-20) settlement 1165 (1040). US Producer prices 88.75-97 cents per lb.

وأوفظها فنااسك Unofficial + or close (p.m.) - Highs. Official closing (am): Cash 3695-70 (354-4.5) three morths 363.5-84 (351-1.5) settlement 370 (354.5). Final Kerb close: 358-8. Ring turnover 8,300 tonnes. US Spot: 42 cants per Ib.

	Unofficial + or close (p.m.) - £ per tonne	High/Low	
Cash 5 months	3450-60  -97.5 3450-5  -62.5	3520/— 3520/6426	
Official closing (sm): Cash 3500-20 (3900-10) three months 3460-5 (3500- 600) sattlement 3520 (3910). Final Kerb close: 3425-30. Ring turnover 3,090 tonnes.			

	ciose (p.n E per	n.) — tonne	High/L	
sh noathe	470-1 474-5	-5.5 -3	483/46	
61-2) 56-6.5) nb cloq ,600 to	closing ( three i settlement pa: 467-8. nnes. US ants per i	months 478 (4 Ring Prime	479.5 52). Fil turnov	
LONDON METAL ENGHANGE				

TRADED OPTIONS Calls Pute

Nov. Jen. Nov. Jen. 924 - **59** 

KUALA LUMPUR TIN MARKET: Close N/A (17,23) ringgit per kg. Market

GOLD AND PLATINUM COINS

ASEAT COMMISSION—Average fat-stock prices at representative markets. GB—Steep 167.08p per kg tw (-0.81); GB—Steep 167.08p per kg ast dcw (-2.52); GB—Pigs 74.68p per kg tw (-1.27); A.A.P.P. 38.24p per kg dw (+0.55).

#### 1640.1 1679.8 - -DOW JONES 77.60 Jones 20 16 ago ago Spot 125.16 125.14 -- ,187.16 Fut 127.32 133.96 -- 127.35 COFFEE "C" 37,500 lbs cents/lb SUGAR WORLD "IF MAIN PRICE CHANGES Oct. 21 + or Month 1987 - agé COCOA 10 tonnes: \$/to COPPER 25,000 lb; cents/tb -72.10 72.80 72.50 72.50 72.50 72.50 72.50 72.50 Cocca Pt. Mar. | 212115 | +12.8 21235 | 5 Cofee Pt. Jan | 21355,5 | +14.8 21236,5 | 6 Coffee Pt. Jan | 21355,5 | +14.8 21236,5 | 6 Coffee Pt. Jan | 21355,5 | -14.8 2136,5 | 6 Coffee Pt. Jan | 775,55c | -0.3236,156,5 | 6 Coffee Pt. Jan | 775,55c | -0.3236,156,5 | 6 Coffee Pt. Jan | 775,55c | -0.3236,156,5 | 6 Coffee Pt. Jan | 775,55c | -0.3236,156,5 | 6 Coffee Pt. Jan | 775,55c | 77 Latest Prev High 19.89 19.85 19.80 20.06 19.95 19.80 20.06 19.95 19.85 19.86 19.85 19.86 19.85 19.86 19.85 19.76 19.87 19.75 1 # Unquoted. † Per 75-lb fleek. c Cente pound. \* Cotton outlook. w Oct-Nov Silver was fixed 16,25p an owner lower for spot delivery in the London builton market yesterday at 462.5p. US cent equivalents of the fixing levels were: spot 760.4c, down 23.1c; three-month 762.c, down 35,75c and 12-month 762c, down 35,75c and 12-month 815.4c, down 35,75c and 12-month append at 462-465-p (748-763c)) and closed at 448-449-p (741-744c). GOLD, 100 trey or \$/trey oz GCLD, 700-rsy dc; 3/voy dc Bullion + or L.M.E. + Point - p.m. price Unoffic'i ounces. Final kerb close 753-6c.

1392-1895 + 10.01392-1309 1353-1354 + 14.0 1354-1343 1377-1379 + 15.0 1376-1386 1386-1389 + 11.0 1358-1388 1410-1416+05.0 1419-1405 1485-1485+10.0 1439-1430 1440-1464+02.0 Sales: 2797 (2516) lots of 5 tonnes. ICO indicator prices (US cents per pound) for October Comp delly 1976 109.55 (111.61): 15-day average 110,77 r: English feed Dec 108.52 paid Coast Nov 108.00/108.50, Dec SUGAR 1/108.75, Jan 110.50/111.50 buyer/ SUGAR Futures gained £20 at the highs but seed toward the close and ended an active day at the mid point of the traded range. Although producers remain withdrawn consumers were a little more interested and both coccebesins and products were trading, reports GRI and Duffue.

109.25/140.co., sellers. na-sellers, April 116.00 sellers. na-quotesi. HGCA-Locational ex-lerm apot prices: Feed Barley: Eastern 102.90; E. Midg 103.90; N. Ess: 104.80; Scot-land 101.20. The UK monetary co-efficient for the week beginning Mon-day October 25 will remein unchanged. **POTATOES** 

Sales: 4779 (4072) lots of 10 tonnes. ICCO findicator prices (SDRs per mone). Delly price for October 20 1461.82 (1452.37); Odey average for October 21 1474.40 (1478.37). FREIGHT FUTURES

| Gloss | High/Low | Prev.

#### Turnover: 1578 (1548). GRAINS

Talk of Soviet grain purchases from the US prompted further buying on the freight intures in line with a firm physical market, reports Cierkson Wolff. The major Gulf/Cont, Hopse/Japan and Gulf/Japan routes were all higher resulting in an 18.5 rise in the BFI, the largest rise ever. Despite profit taking the market held steady to close with good galas.

BARLEY 

Business done—Wesst: New 108,403.05, Jan 112,00-1,45, March 113,303.50, May 116,55-5.05, July 118,15-8.00,
Sept 103,35-3.10, Nov untraded. Sales:
345 lots of 100 sonines. Berriey: Nov 103,50-3.15, Jan 108,30-5.80, March 103,50-3.15, Jan 109,30-5.80, March 100,50-3.15, Jan 109,30-5.80, March 100 tonnes.
Old orop markets firmed in sarrly trading but gains of 50-80p were shortlived and values essed throughout the remainder of the day, sithough well supported at lower levels by Commission house and merchant buying, reports T. G. Roddick.
LONDON GRAINS—Wheet: US dark Northerm spring No 2 14 per cent Nov 95,50, Dec 96,25. US No 2 softrad winter Nov 52.25, Dec 95,00.
Franch 113-12 per cent Oct 135,50 sellers. Bujish feed tob Oct 110,00 sellers. Nov 110,80/11,100. Dec 111,50/112,00, Jan/Mar 114,50/115,00, April/June 117,50/118,00 buyer/sellers.
Malze: US No 3 yellow/French transhipment East coast Oct 134,00 seller.

Although market began on first note in response to overlight weather, trading £4.00 up on opening cell, confidence began to fall by middey. The stramoon saw fell in values, noticeble cacs April fell below £155.00, as disappointment over coariest leability to hold early geins resulted to nervous sattling in fairly thin conditions. Recovered slightly on close, reports

Coley and Herper.

S per tonne

State

156.5-156.4 182.4-156.4-157.9-154.4

186.5-156.2 182.6-166.9 184.6-167.9-154.6

186.5-176.2 187.6-178.6-189.6 176.6-189.6 189.6-179.8-179.6-189.6 189.6 189.6 189.6 189.6 189.6 189.6 189.6 189.6 189

PLATINUM 50 troy oz: \$/troy oz

€ per. toune

Salse: 1023 (705) lots of 40 tonnes.

Latent | Change

CRUDE Oil.—FOR (\$ per barrel) Nov.

Prompt delivery cit (8 per tonne) SOYABEAN MEAL

Sales: 19 (201) lots of 20 tonnes.

**GAS OIL FUTURES** UBS per tonne 168.75 + 5.95 188.75 - 80.89 170.25 + 5.95 171.75 - 98.90 171.00 + 2.75 171.26 - 72.55 170.75 + 2.76 171.2178.75

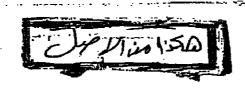
LIVE CATTLE 40,000 Rt. Cents/lbs PORK BELLES, 38,000 lbs; Cos Close 57.42 57.12 53.12 57.79 Prox High Low Dec 194.5 194.0 789.0 56.23 57.55 56.70 57.15 56.70 57.15 56.70 57.15 56.70 57.15 56.70 57.15 56.70 57.15 56.70 57.15 56.70 57.15 56.70 57.15 56.70 57.15 56.70 57.15 56.70 57.15 56.70 57.15 77.40 77.77 77.45 58.75 58.75 58.75 58.75 58.75 58.75 58.75 58.75 77.40 77.78 58.75 58.75 58.75 58.75 58.75 77.40 77.78 58.75 MAGEAT 5,000 bu min; cents/60th-busine 575.7 579.2 50.5 579.2 50.5 570.5 SPOT PRICES: Chicago loose lard 500.0 502.4 501.0 502.0 and Herman diver buillion 730.0 502.6 503.0 502.5 (743.00) cents per troy ounce. New 510.5 615.4 618.0 618.0 521.0 cents per pound. 321.00/ 6315.00/ LONDON DAILY PRICE—Rew euger \$176.40 (£107.00), down \$1.40 (up £0.20) a tonne for November/Decamber delivery. White euger \$168.00 down \$3.00.

Sales: 706 (--) lots of 40 toones. Sales: 708 (—) lots of 40 toones.
Sales: No 5 2216 (6212) lots of 50 tonnes; No 5 1267 (1596).
Tate and Lyle delivery price for granulated basis sugar was £212.50 (asmo) a tonne for export.
International Sugar Agreement—(US cents per pound tob and stowed Caribbase ports). Prices for October 21, Daily price 6.33 (6.72); 15-day average 6.41 (6.40).

RUBBER (buyers): Spot 65.00p (65.50p); Nov 62.75p (seme); Dec 68.00p (same). The Kusla Lumpur tob prices (Malay/Singapora cents per kg) were: RSS No 1 287.5 (286.5); SMR 20 256 (255).



or telex 27347 FTCONEG



#### India's iron ore export drive falters BY P. C. MAHANTI IN CALCUTTA THE RECESSION in the 30m tonnes per year on average and in 1986-87 the world steel market has caused a disturbing decline in India's quantity went up to 32.2m iron ore exports. During the first four months of the 1987-88 finantonnes, worth \$6m. Japan is

cial year overseas sales have declined by nearly 12 per cent and a worried Government has responded by exhorting all its exporting agencies, official and nonficial, to go all out to secure orders for an additional 1m tonnes of ore. It has also romised them assistance in the drive to get this "thrust area" of the country's export promotion campaign back on

India has been exporting

India's biggest customer, taking nearly two-thirds of total exports. Other regular buyers include Romania and some other European countries, South Korea and Talwan in the East. China could become a big buyer because of its policy of expanding its steel industry, but India has so far con-

cluded only minor deals with that country. Exporters are finding it an uphili task to secure extra orders and are not even sure that sales can be maintained at the previous year's level.

Apart from the external uncertainties there are serious internal constraints standing in the way of large-scale export expansion.

Bulk handling is one problem area—none of the Indian ports where iron ore is leaded ean handle the large bulk carriers which Japan uses for carrying iron ore, and that puts the country at a diadvantage compared with rival exporters like Australia and Razzii The Coursement and Brazil. The Government has plans to develop suitable facilities at some of the major ports both on the eastern and

western coasts of the country but that is part of the longterm strategy to increase The exporters want reliefs

immediately, especially in railway freight rates which they regard as unreasonably high. They are also seeking fiscal relief such as is given to other export industries. The Government says it is considering a

GOLD BULLION (fine crince) Oct. 21 

Am Eagle, \$480.485 Mapiclea(\$478.485 Kr'g'rind., \$465.488 14 Krug...\$284.584 14 Krug...\$284.5135 Angel...\$475.480 1/10 Angel\$49.54 New Sov. \$10914.11014 Old Sov...\$10914.11114 Britannia. \$478.485 (25901; 2931;) (22591; 5921;) (22591; 5921;) (22511; 2951;) (21481; 1533;) (2761; 901;) (28671; 2901;) (286-87) (258-671;) (258-672;) (2388; 2911;) (258-566)

#### **CURRENCIES, MONEY AND CAPITAL MARKETS**

#### FOREIGN EXCHANGES

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## Dollar more stable

THE DOLLAR enjoyed a period of relative stability yesterday, but trading remained nervous as dealers weighed the implications of the twin US deficits on trade and the budget, and comments by

senior officials.

Recent remarks from ministers in Washington, Tokyo, and Frankfurt have attempted to reinforce furt have attempted to reinforce the Group of Seven agreement on currency stability, but in the long term dealers have doubts about the ability of the US to continue along the path of very large deficits on the budget and trade. Sentiment suggested the dollar is likely to test the downside of its recent range in the near future, but it closed around the day's highs in Europe yesterday. This followed news that President Reagan is prepared to discuss with Congress proposals to cut the budget deficit by increasing taxation, although he remains opposed to any such move.

The dollar rose to DM1.8135 from DM1.8080; to FFT.6.05 from FFT.6.575; to SFT.1.5055 from SFT.1.5005; and to Y144.15 from Y143.90.

On Bank of England figures the dollar's index rose to 100.9 from

100.8.
STERLING—Trading range against the dellar in 1987 is 1.6885 to 1.4710. September average 1.8456. Exchange rate index was unchanged at 73.4, compared with the first state manths aga. 22.5 six months age.
Sterling fell ¼ cent to \$1.65291.6530 as the pound was on the sidelines in dull currency trading. In terms of other major currencies the pound's tone was firm, rising to DM 2.9975 from DM 2.9925; to FFr 9.9975 from FFr 9.9925; and to SFr 2.4875 from SFr 2.4825. It was unchanged at Y238.25.

£ IN NEW YORK Oct. 21 Laest 1.6860-1.6870 0.95-0.33pm 0.81-0.77pm 2.70-2.60pm 1.6530-1.6540 0.26-0.25pm 0.55-0.52pm 2.10-1.95pm

STERLING INDEX Oct. 21 Previous 73.4 73.3 73.4 73.3 73.4 73.5 73.4 73.4 73.4 73.7 73.8 73.7 73.7 73.7 73.6 73.4 73.4

**CURRENCY RATES** Special \* Drawing Rights Bank rate % 0.781543 1.29400 0.694050 1.14969 1.5078 1.46115 43.1863 7.97026 2.37514 6.33072 1498.062 7.40723 134.917 7.31666 1.72397 159.670 0.774779 16.4016 48.5638 8.98036 2.33551 2.6268 7.79635 486 1.858281 151.909 8.24149 1.73706 173.872 874

**CURRENCY MOVEMENTS** -20.0 -6.1 -9.6 +10.0 -5.0 +1.3 +21.5 +22.4 +14.4 -13.2 -18.2 +64.5

OTHER CURRENCIES

MONEY MARKETS **UK** longer rates a little lower

Tuesday's announcement of a district former tone for the district former tone for the september tikes in the followed indications from the september tikes in the white Bouss charge yesterday as traders the followed indications from the september to be taken of tomorrow's UK trade figures.

City economists generally and the current in september from the August trade in the the Augu

**EMS EUROPEAN CURRENCY UNIT RATES** 

% change adjusted for divergence +0.99 +0.77 +0.12 -0.34 -0.13 +0.10 +0.62 From Settle + 1.72 + 1.50 + 0.85 + 0.39 + 0.83 + 0.90 Disergence Math. % ± 1.5344 ± 1.6404 ± 1.0401 ± 1.3674 ± 1.5012 ± 1.6684 ± 4.0752 Belgian Franc
Dankh Krone
German D-Mark
French Franc
Dutch Galider
Little Bust 42,4582 7,85212 2,05853 6,90403 2,31943 0,758411 1,483,58 43,1883 7,97026 2,07600 6,93093 2,33514 0,774779 1498.05

POUND SPOT-FORWARD AGAINST THE POUND

1.6490-1.6590
2.1702-2.1768
3.36-3.374
6-211-62-65
11.472-11.504
11.116-1.1176
2.584-3.004
225, 13-227.76
10.504-3.10.85
2.57-10.002
10.50-10.554
237-2384
20.99-21.08
2474-2494 180 0.85 423 3.04 0.65 4.92 -3.93 -0.98 -1.93 0.33 5.522 6.69

DOLLAR SPOT-FORWARD AGAINST THE DOLLAR | 1.6520-1.6530 | 0.34-0.31c pm | 2.36 | 0.77-0.72pm | 1.4800-1.4810 | 0.11-0.05c pm | 0.69 | 0.25-0.15pm | 1.3105-1.3146 | 0.13-0.15c db | -1.33 | 0.30-0.33ds | 0.30-0.3 months. UK† 1.6490.1.6590
Ireland† 1.4770-1.4655
Canada 1.3130.1.3146
Retherhand 2.0272.0295
Belgion 6.22.4.954
W. Germiny 1.6015.1.8140
Portugal 1.6015.1.8140
Portugal 1.725.1.8140
Portugal 1.725.1.8140
Portugal 2.700.1.8055
Robert 1.725.1.8120
Robert 1

† UK and trebard are quoted in US currency. Forward presidents and discounts apply to the US dollar and ma so the includest currency. Belokan rate is for convertible francs. Financial franc 37,80-37.90

EURO-CURRENCY INTEREST 104-104 8-8 9-84 9-84 5-54 44-44 44-45 8-82 12-112 7-64 44-46 105-104 8-84 10% 72.74 84.75 34.37 10.64 64.37 10.64 35.75 64.37 74.75 104-104 84-84 94-92 6-54 94-9 174-124 72-78 74-78 104-104 94-9 10-94 64-6 8-74 54-43 34-32 74-72 11-10 65-64 65-64 85-64 85-64 85-84 78-78 91-71 74-74 81-8-3 52-5-3 33-74 114-109 64-64 7-64 10-74 8-74 102-102 84-84 92-92 57-54 42-44 84-82 124-114 74-7 74-7 41-44 104-105 9-84

Long-term Eurodoffars: Two years 99-97s per cent; three years 95-97s per cent; four years 94-99 per cent; four years 94-99 per cent pombral. Short-term rates are cell for US Doffars and Japanese Yea; others, not days makes.

**EXCHANGE CROSS RATES** Oct. 21 E S DM Yes F. Fr. S. Fr. H. FL. Lira C.S B. Fr. 0.334 0.551 1. 79.48 5.335 0.830 1.123 71.9.2 4.197 6.936 12.58 1000. 41.% 10.44 14.13 9048. F Fr. 1,000 1,653 2,998 238.3 10.00 2,498 3,348 2156, 2173 62,42 5 Fr. 0,402 0,664 1,205 93,78 4,009 1, 1,354 866,6 0,673 25,09 H FL 0.297 0.891 0.890 70.75 2.969 0.799 1. 640.2 Lira 0.464 0.767 1.390 110.5 4.638 1.154 1.562 1000.

FT LONDON INTERBANK FIXING

CLLOO a.m. Oct. 21) 3 months U.S. dollars Last 8 in offer 8 in 34d 57g MONEY RATES

LONGER TERM interest rates were a little lower in the London money market yesterday, reflocting the recent decline in Us the control of the same wilder speculation about an early cut in UK base rates.

UK clearing bank bose leading rate 19 per cent since Angust 7

Those favouring the latter were given amministion as the Bank so of England elected to give early assistance whore the member of eligible bank bills in bend 1 at rates were about to fall. Short term interbank rates have remained remarkably steady, given the recent strains worldwide. Overnight morey traded between 11 per cent and a per cent while the three-month worldwide. Overnight general and repurchases basis for resale to term interbank rates have remained remarkably steady, given the recent strains worldwide. Overnight general and per cent while the three-month pate family and favour term interbank rates have remained remarkably steady, given the recent strains worldwide. Overnight general and per cent while the three-month pate family and favour term interbank rates have remained remarkably steady, given the recent strains worldwide. Overnight general and per cent while the three-month pate family and family and family assistance with 104-104-104 per cent cent to a shortage of around Elifom with a family and family and family assistance with the three-month pate family and family assistance with the figure of the family and the family assistance with the family and the family assistance with 104-104-104 per cent of the family and the family assistance with 104-104-104 per cent of the family and the family assistance with 104-104-104 per cent of the family assistance with the market on of 252m of eligible bank bills in the figure of the family assistance with 104-104-104 per cent of the family assistance with 104-104-104-104 per cent of the family

#### FINANCIAL FUTURES Prices try to consolidate

Pag-Dec. 0.00 0.02 0.15 0.82 2.68 6.03 10.44 15.30

CHICAGO

Dec. Mar. Jos. Sept. Dec. Mar.

Serite: Calls: Paris
Price: Nov. Dec. Jan. Mar. Nov. Dec. Jan. Mar.
1.575 7.75 7.75 7.85 8.05 — 0.20 0.45 1.10
1.690 5.30 5.45 5.75 6.20 0.15 0.56 0.95 1.80
1.625 3.20 — 4.00 4.60 — 1.75 —
1.650 1.60 2.10 2.80 3.25 1.15 12.05 2.75 1.80
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1.700 0.10 0.75 1.30 1.55 4.75 5.40 6.00 6.95
1.725 0.05 0.25 0.55 0.95 7.10 7.55 8.00 8.70
Previous day's whome: Calls 76,647 Pais 56,390
Previous day's whome: Calls 11,645 Pais 3,607

LONDON

Close High Low Prov. 91.92 92.16 91.76 92.00 91.87 91.95 91.00 91.80 91.55 91.55 91.55 91.26 91.55 91.37 91.25 91.35 91.37 91.25 91.35 91.37 91.26 91.37 91.26 91.37 91.37 91.37 91.37 91.37 91.37 91.37 91.37 91.38 91.37 91.37 91.38 91.37 91.38 91.37 91.38 91.

Close High Low Prev.
Dec. 83-07 84-16 82-10 83-08
Mer. 82-10 83-36 83-09 82-14
Estimated Volume 15.31 (47,082)
Previous day's open int. 20,401 (6,742)

**CURRENCY FUTURES** 

POUND-S (FOREIGN EXCHANGE)

INCH -STERLING & per £

LIFFE-ETERLING £25,000 \$ per £

Glose High Low Pres 16472 16473 16473 16510 16405 — — 16450 14330 — — 16380 1 volume 20 (40)

Spot 1-mth, 3-mth, 6-mth, 12-mth, 16625 1.6492 1.6470 1.6370 1.6255

Mar. 0.14 0.47 1.22 2.66 4.95 8.11 12.00 16.41

High 80-25 80-01 79-13 76-26 78-09 77-26 76-31 76-19

High 94,80 94,50 94,10 93,00 92,81 92,73

18-26 78-07 78-26 78-07 77-22 77-26 76-31 76-19

1.0W 93.20 92.80 92.65 92.60 92.35

0.6665 0.6730 0.6810 0.6950

Prev. 0.6834 0.6921 0.6999 0.7080

Due to prevailing international stock market conditions which affect the proper valuation of the above companies' investments, the Manager of the above companies announces that in accordance with their respective Arucles of Association dealings were suspended on 19th and 20th October, 1987 in all classes of shares of those companies except for MST — Global Bond, Managed Currency and Yen Global Bond Funds and MOST — Cash Fund. Dealings in all classes of shares recommenced on 21st October, 1987 except for MST — Pacific and Hong Kong Funds and MOST — Pacific Standard Research Fund which remain suspended.

For details of the current position please contact the Manager. Formal notice of termination of suspension of those classes still suspended will be published in this

CHANNEL ISLANDS AND INTERNATIONAL INVESTMENT TRUST LTD Due to prevailing international stock market conditions which affect the proper

Pats-Last Mar. Jun. 0.51 0.47 0.70 0.50 0.81 0.58 0.99 0.67 1.07 0.77 1.22 0.89

| Table | Tabl

93.20 94.00 93.80 92.00 91.65 91.50 91.20

91.45 91.25 91.00 90.70 90.60 90.50 90.50

Low 181.00 181.00 190.00 193.00

Sept. 0.58 0.66 0.74 0.83 0.93 1.05 1.17

Colts-Lest
Dec. Jan. Mar. Nov.
12:90 — 15:40 0.30
10:40 — 10:45 0.30
5:50 5:56 6:40 0.45
2:30 3:00 3:56 1:80
0:80 1:30 1:85 5:40
1:20 — 1:80
per loc Colts 202 Puts 10

Calit - Lust

Dec. Mar. Jun. Sept. Dec.
1.97 1.18 1.73 1.48 0.05
1.74 1.02 1.54 1.51 0.07
1.52 0.87 1.36 1.34 0.10
1.51 0.73 1.19 1.18 0.14
1.11 0.60 1.03 1.03 0.19
0.92 0.49 0.88 0.90 0.25
0.74 0.39 0.75 0.77 0.32
0 day's open int: Calit 2.612 Pats 2,711
and Volt Calits 222 Pats 121

Close High Occ. 0.6960 0.7923 (Mar. 0.7018 0.7100 0

15.40 10.40 5.35 1.45 0.50

## **ACCOUNTANCY**

Warhung Investment Management Jersey Ltd., 39/42 Broad Street, St Heller, Jersey, Channel Islands. Tel: (0534) 74715

Company Notices

MERCURY SELECTED TRUST SICAY (MST)

MERCURY OFFSHORE STERLING TRUST SICAY (MOST)

Publication date November 20 1987 Advertisement copy date November 6 1987

The Financial Times proposes to publish this survey on the above date

A number of areas will be covered including:

\* Management Consultancy \* The importance of medium sized firms

\* Corporate Finance

Editorial Information:

Information on advertising can be obtained from Claire Broughton telephone number 01-248 2131, 01-248 8000 extension 3234, or your usual Financial Times representative

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#### **WORLD MARKETS**

#### FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS		TUES	DAY OCTOBE	R 20 1987		MONI	DAY OCTOBE	R 19 1987	•	NDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Grass Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx	
Australia (90)	121.56	-23.6	108.90	113.11	3.54	159.10	140.36	145.98	180.81	99.92	90.36	
Austria (16)	95.25	-5.5	85.32	89.53	2.37	100.84	88.97	93.13	102.87	85.53	96.21	
Belgium (48)	106.13	-2.5	95.07	98.93	4.87	108.80	95.99	99.95	134.89	96.19	90.7	
Canada (129)	102.00	-11.4	93.37	97.38	3.13	115.10	101.54	108.05	141.78	100.00	1 97.2	
Denmark (38)	106.79	-9.9	95.67	101.06	2.96	118.50	104.55	110.28	124.83	98.18	99.9	
France (122)	90.91	חב" ו	81.44	86.30	3.26	92,79	81.86	86.42	121.82	90.91	91.7	
Ned Company (93)	85.88	-2.0 -6.7 -0.1	76.93	80.72	240	92.03	81.19	85.02	104.93	84.00	93.1	
Hong Kong (46)	133.31	l⊸õï	119.42	133.64	3.64	133.50	117.78	133.64	158.68	96.89	87.7	
rance (122). West Germany (93)	121.92	-16.7	109.22	116.00	3.94	145.37	128.25	136.19	160.22	99.50	80.2	
taly (95) lapan (458) Malaysia (36) Mexico (14)	84.74	-6.2	75.91	82.59	234	90.37	79.73	86.78	1 112.11	84.22	105.8	
MI) \7.5/	123.28	-36.6	110.44	11214	0.62	147.90	130.48	132.48	161.28	100.00	88.6	
4shada /24)	129.26	-153	115.79	126.02	2.90	152.53	134.57	148.24	193.64	98.24	98.9	
	311.06	-11.9	278.65	550.79	0.54	352.93	311.36	626.08	422.59	99.72	78.4	
letherland (37)	95.89	-91	85.90	88.99	5.14	105.52	93.09	96.20	13141	95.89	951	
lew Zealand (23)	104.22	-16.1	93.36	85.60	3.53	124.28	109.65	101.06	138.99	83.93	80.6	
CW 25050 \23/	128.34	-21.5	114.97	115.50	2.40	163.52	144.26	145.04	185.01	100.00	103.3	
WHEY (24)	106.29	-25.6	95.22	102.49	2.42	142.78	125.96	137.22	174.28	99.29	99.7	
lorway (24)	106.29 173.45	-30.0	155.38	128.55	332	192.64	169.95	140.39	198.09	100.00	94.9	
opin (A2)	150.49	-71	134.81	13413	3.03	162.00	142.92	143.17	168.81	100.00	96.I	
		-83	101.93	107.30	216	124.02	109,41	115.62	136.64	90.85	98.1	
witzerland (53)	91.41	-4.6	81.88	85.03	199	95.78	84,50	87.65	iiiii	91.41	94.2	
witzerland (53) Joited Kingdom (335)	125.56	-126	112.48	112.48	4.09	143.68	126.76	126.76	162.87	99.65	923	
ISA (594)	70.24	+3.8	86.30	96.34	3.85	92.83	81.90	92.83	137.42	92.83	98.1	
urope (952)	105.90	-9.2	94.87	97.41	3.47	116.57	102.84	105.57	130.02	99.78	94.3	
acific Basin (680)	123.23	-16.6	110.40	112.45	0.84	147.72	130.32	132.80	158.77	100.00	88.6	
uro-Pacific (1632)	116.35	-14.0	104.23	106.46	1.80	135.30	119.37	121.95	143.65	100.00	90.9	
orth America (713)	96.64	+28	86.57	96.42	3.80	94.04	82.%	93.73	137.55	94.04	98.1	
umnna Fv. 11K /637)	93.70	-6.0	83.94	88.13	295	99,71	87.97	92.32	111.97	93.70	95.3	
acific Ex. Japan (222)	122.91	-15.7	110.11	116.29	3.51	145.74	128.58	136.74	164.03	99.92	88.6	
racific Ex. Japan (222) Vorld Ex. US (1836)	116.56	-13.9	104.42	106.67	1.87	135.33	119.39	121.98	143.38	100.00	91.1	
Varid Ex. UK (2085)	107.08	-81	95.92	102.10	2.36	116.45	102.74	110.00	138.82	100.00	94.0	
Vorld Ex. So. Af. (2359)	108.30	- <b>8.</b> 5	97.02	102.82	2.53	118.41	104.46	111.30	139.47	100.00	93.8	
/orld Ex. Japan (1962)	101.76	-3.1	91.16	98.45	3.66	104.99	92.63	100,89	134.22	100.00	96.4	
ne World Index (2420)	108.72	-8.5	97.39	103.05	2.54	118.88	104.88	111.56	139.73	100.00	93.8	

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		Dec	. 67	Ma	er. 88	<del></del>	pe 88		American Exp.
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	<b>\$700</b>	No	. 87		c. 87	بز	n. 88	·····	- Associates Cap - Authority & Co
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N C N P GGN C EGON P DLD C DLD P ZO P EV C EV P EV P RO P	FL48 FL40 FL75 FL36 FL100 FL120 FL120 FL50 FL56 FL56 FL56 FL56 FL56	853 949 138 38 104 28 1208 452 65 47 383 383 215	1.10 3.30 4.40 5.50 6 17 10.508 4.60 5.10 15 5.60 3.30 4.70A	97 93 24 28 1 85	230 3.70 6 8.50A 17.50 15 —	120   58 -8 13	5.10A 	FI.41.20 FI.70.50 FI.84 FI.144 FI.50.50	. Beneficial Trus Berliner Back i Brk Ba of Mid i  Rouse Stipley Business Miye CL Bank Neder Cassafa Perman Cassar Lid

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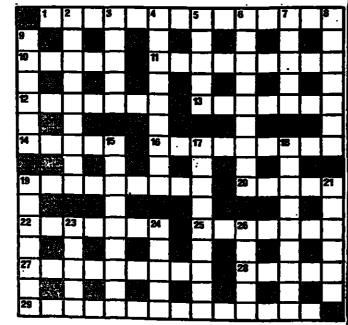
FL155.50 FL41.20

FI.42.50 FI.161.50

FL6180 FI.43.50

FLAS FL50 FL45 FL45 FL45 FL46 FL50 FL50 FL50 FL20 FL20 FL20 7.50 1.90 2.80 5.506 4.20 11.50 7.50 3.40 4 2.10 3 16.50 TOTAL VOLUME IN CONTRACTS: 62,902 B≖Bid C≠Caft

#### FT CROSSWORD PUZZLE No 6,462 DANTE



- ACROSS
  1 One who's given up (5.9)
  10 Brought down to earth (5)
  11 All the broken stone that
- tennis (3,4) 14 Be niggardly in a task, impa-

- minister of God (7)
  25 Man to possibly enter the church? (7)
- church? (7)
  27 Almost in debt? Very well could be (2,3,4)
  28 Soft currency? (5)
  29 Is in a fine state of suspense
- (5,2,1,6)
- DOWN 2 Useful expression for one raising a child (3-1-5) 3 It counts as a hazard for ramblers (5)
- 4 Propose a broadcast—a serial (4,5) 5 Imprisons many for a long
- time (5) 6 I'd upset a client, just the same (3)
  7 State from which I had returned on the second of the month (5)

- ACROSS

  1 One who's given up (5.9)
  10 Brought down to earth (5)
  11 All the broken stone that goes into concrete (9)
  12 Urged on new experience (7)
  13 Placed in a losing position in tennis (3,4)

  8 Possibly learnt about Kastern immortal (7)
  9 Has a dispute about right usage? (6)
  15 Destitute writer on African river steamer (9)
  17 Facial make-up used by the police (9)
- police (9)
  18 Spun a line about a land protient too (5)

  16 Alice pops out of the church

  19 Haig's undisturbed by great
- (9)

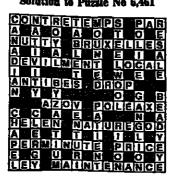
  19 A great strain—so Hitler thought (5,4)

  29 Rules unpopular with schoolboys (5)

  22 Fresh garb that is left for a minister of Cod (7)

  24 Ordinary people from Italy
  - 24 Ordinary people from Italy 26 Condition under which a horse races (5)

Solution to Puzzle No 6,461



#### 10 10 City Merchants Bank...... Cydesdaie Bank....... Morthers Bank Ltd.... PK Finans, lad (UK) 104 Provincial Trest Ltd 11 Commun. Rik., NJ., East. Buscan Lawre 16 Equat'r'i TstC'p pit 10 Floreschil & Gest. Sec....

**BASE LENDING RATES** 

AUTHORISED

**UNIT TRUSTS** 

Unity Trest PLC... Grindays Bank .. Grinness Makon Heritable & Gen. Tst... 

#### SPONSORED SECURITIES

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		_			Gross		
	Low		Price	Change			P/E
206		Ass. Brit. Ind. Ordinary		_	7.3	3.7	123
206		Ass. Brit. Ind. CULS			10.0	5.0	_
41	31	Armitage & Rhodes	31		4.2	13.5	4.3
142	67	BBB Design Group (USM)	80±d	+10	2.1	26	12.8
188	108	Bardon Group			27	1.5	30.9
186	95	Bray Technologies	184#		4.7	26	14.7
281	130		276	+1	11.5	4.2	7.1
147	99				15.7	11.0	_
171	136				5.4	3.1	14.8
102	91	Carborundum 7.5% Pref	102		30.7	10.5	_
180	87	George Blair	175 <b>u</b>		3.7	21	4.5
143	119	Isis Group	112		_	_	_
103	59	Jackson Group	103	+1	3.4	3.3	12.4
780	500	Multihouse NV (AmstSE)	505			- :	20.0
700	351	Record Ridgway Ordinary	700sus		1.4	3	14.1
87	83	Record Ridgway 10% Pref	879s		14.1	16.2	- 1
91	65	Robert Jenkins	65	_	_	_	2.9
124	42	Scryttons	124 <sub>98</sub>		_	_	_
224	141	Torday & Carlisle	223	+2	6.6	3.0	10.8
42	32	Trevian Holdings	42giş <b>u</b> ;	_	0.8	1.8	3.9
131	73	Unifock Holdings (SE)	84 <b>m</b>	+1	2.8	3.3	<b>55</b>
264	115	Walter Alexander (SE)	245m	+7	5.9	24	18.1
201	190	W. S. Yeates	201		17.4	8.7 2	20.J
175	96	West Yorks. Ind. Hosp. (USM)	164	-4	5.5	3.3	17.4

curities designated (SE) and (USM) are dealt in subject to the rules and solutions of The Stock Exchange. Other securities listed above are dealt in bject to the rules of FIMBRA.

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Granville Davies Coleman Limited 27 Lovat Lane, London EC3R 8DT Telephone 01-621 1212 Member of the Stock Exchange

To the Holders of

#### COLLATERALIZED MORTGAGE ORLIGATION TROST SEVENTEEN

Class A-1 and A-2 Floating Rate Bonds Due April 20, 2018

Pursuant to the Indenture dated as of December 5, 1986 between Collateralized Mortgage Obligation Trust Seventeen and Texas Commerce Bank as Trustee, notice is hereby given that the interest rate applicable to the above Bonds for the interest period from October 20, 1987 through January 19, 1988, as determined in accordance with the applicable provisions of the Indenture, is 9.75% per annum. Amount of interest payable is \$17.75 per \$1,000 principal amount.

#### **Public Works Loan Board Rates**

Effective October 20 10% 10% 10% 10% 10% 10% 11 10% 10% 105 105 105 104 104 104 104 104 105 105 

1985 Remort France Trust Higt. Ltd Robert France Trust Higt. Ltd 27 Abourne St. London W1 Ro. France Sch. Td. ... 1703 Friends President Unit Trustal दैर्टकेटी । । देहा । हेहा । देह 20 202525 023 20 202525 53.7±0 22.4 100.0 136.4 233.1 165.8 71.9 6.9 224.4 291.94 118.54 111.9 294.8 81.54 305.2 | 20, Copthell Aresine, Landon, ECZ R/TPA, GL-SIR A06A,
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402 119   Construction Press   281 ot +5   51   57   51   618   32   61   118   80   Construction   100   90   +7   81.75   34   2.7   15.3   12   15.3   12   15.5   12   12   12   12   12   12   12   1	111   100   Decen & Robinson Sp.   111   1-1   100   Decen & Robinson Sp.   121   1-1   100		322+3 190.38 2.1 16 (37.9 37.0 167 irish Wire Profs	285 +15 285 23 44 123 528 133 Ass Co 285	m. 51
273 113 E-Hth. 233-d-HB 14.3 2.3 2.5 24.0 of 215 111 HE-W Construction 125 +3 5.0 3.1 4.4 10.2 2 2 335 140 Fathers 10p 305 +5 4.8 16. 2.2 17.5 310 116 Federated Housing Sp. 264 45 14.0 4.3 2.1 15.2 2	67   33- Ramer Feek, 59	rumento 10p	metabutah caci aca	700 +22 +53.5 10 37.7 264 12 6 67 87 87 87 87 87 87 87 87 87 87 87 87 87	a (Deed) 10p 122 - 1 1955 - 43 - 43 - 44 1 1956 - 44 1 1956 - 44 1 1956 - 44 1 1956 - 44 1 1956 - 44 1 1956 - 44 1 1956 - 44 1 1956 - 45 1
	43   38   Do. 315-pc(Pt. 125-pl.) 43    3.94   —   12.5   —   171   61   Wordpik	ENGINEERING  198   199   199   18   36   197   198   1	1 20 120 Value (1.7 Mp	A/B   L    TR.S.2.3   35   16.9   \$2.37   12.4	
192   155   Gabs, 6 Dancy 100   190   455   12.01 2.9   1.01 2.5   1.01 2	17   276   Smith (W. H.) A 50p.   340   120   131   156   156   157   150	Ref Sign	LS (Miscel.)  250   -3   1925   47   14   165   71   72   73   71   74   75   75   75   75   75   75   75	46-1+39, 1.5 ¢ 4.8 ¢ 358 437 Heisthi 178 kings had 44 +141 21.28 1.9 ‡ 16.6 284 1178 kings had 44 +141 21.28 1.9 ‡ 16.7 37.7 27.7 27.1 kings had 44 +141 21.2 1.9 ‡ 16.7 37.7 37.5 399 200 London 21.8 +141 12.0 1.9 \$13 12.5 \$46 \$13 2.0 London 21.8 +141 12.0 1.9 \$13 12.5 \$46 \$13 2.0 London 21.8 +141 12.0 1.9 \$13 12.5 \$46 \$13 2.0 London 21.8 +141 12.0 1.9 \$13 12.5 \$46 \$13 \$18 \$18 \$17 \$18 \$18 \$18 \$18 \$18 \$18 \$18 \$18 \$18 \$18	C.E.  20a   673   48   7450   44   -
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**LONDON SHARE SERVICE** 

# Option Declara-

AFTER TWO merciless sessions which had taken over one fifth supported by widespread and off equity values, the UK securion often sizeable buying interest ties markets yesterday joined in by institutions and private clithe rally in other world financial bourses. However, most of gained their nerve after the the recovery occurred very ear rout of the previous couple of ly in the day, and final quota-sessions. tions were below the best levconcentrated mainly on NatW-

The major trading houses re- est which rallied 85 to 608p. Barmained cautions, and the marclays picked up 37 to 500p. Market shaded off at the end of the chant banks also regained their day, making limited response to composure after the panic sell-the strong opening on Wall ing triggered by fears that many Street. But UK private investors stock market operators had suspensed the strong opening on the strong triggered by fears that many street. But UK private investors stock market operators had suspensed the strong opening of the strong opening of the strong opening on the strong opening of the strong opening open re-entered the market as buyers tained trading losses running for British Gas and other priva- into many millions of pounds.

tisation issues.

The final reading on the FT419p, Kleinwort Grieveson 40 to
SE 100 Index, 142.2 up at 1943.8,
450p and SG Warburg 12 to 430p.
The latest floods in the south SE 100 Index, 142.2 up at 1943.8, would have been a miracle in normal trading conditions, but was slightly disappointing in heels of last week's hurricane present circumstances. The index had risen by an estimated Wales, did not prevent a generative opening of the Seaq trading tor. Composites, which will insystem, which was brought forward to 7.00am.

The initial gain in share prices largely reflected inter-affected of the composites.

The initial gain in share upturn. Sun Alliance - the worst prices largely reflected internance in the prices largely reflected internance in the prices affected of the composites - moved up 25 to 835p. In lifes brokers joined in, the FT-SE gain was quickly clipped to 110, after which the gain fluctuated between 180 and 140 for the rest of the day.

The news that President Reagan plans bi-partisan talks with Congress on the US budget sector in good stead. Virtually

agan plans bi-partisan talks will come to the fore" held the with Congress on the US budget deficit came late in a market one-way traffic - turnover was day filled with rumours and only 2.6m shares - left Whitcounter rumours. Hints from bread "A" up 32 at 306p while the London money markets that UK base rates would be cut proved unfounded.

The City took a cautious view the latter has completed the purchase of Schenley Industries from the Riklis family for a of the general recovery in world markets, and remained cup. Lyons rallied 27 to 32p and

markets, and remained con-Lyons rallied 27 to 379p and vinced that only definite action Bass regained 25 at 870p. Reto cut the US trade deficit gional issues were not quite as would prove of any lasting effortunate and only Beddington

would prove of any lasting effect.

Even if such moves are put in 13 to 179p on speculation hand, "the bull market is still whipped up by a report of Midover" said one international summer Leisure returning with trader, although others disputed his view. There are worries over the next Account settlement on November 2, which terms. Cidermaker H.P.Bulmer could disclose investor liquidity problems. British Petroleum erv shares also regained components. ty problems. British Petroleum ery shares also regained compo-featured in the buying spurt by sure. Irish put on 22 to 195p. private investors, but could not Leading Building issues re-hold at the effective underwrit-covered a certain amount of the ing price of 305p, regained at ground lost recently, but the remid-session.

ground lost recently, but the recovery was patchy. Blue Circle,

Government bonds had a suc-cessful, if somewhat restrained ing the last two trading ses-session, and closed with gains of % or so. The sector opened 404p. Tarmac, another recentcaof % or so. The sector opened 404p Tarmac, another recentca-easier but responded to firm-ness in the US Treasury bond Redland rallied 14 to 471p and Steetley improved 13 to 324p. Marley, boosted by talk of a broand in the London futures mar-

Traders said there was little ker's recommendation and etail interest, and that the marnews of a US acquisition, let was waiting for action in the bounced 24 to 164p. In the Timretail interest, and that the mar-ket was waiting for action in the

**EQUITY GROUPS** 

& SUB-SECTIONS

# Widespread recovery underpinned late by further

advance in early Wall St trade US to curb the Federal deficit, which is blamed for this week's upheaval in world securities markets. The clearers spurted higher

		NAM	GIAL	IIME	2 211	UUK 1	NDICE	<u> </u>		
	Oct.	Cet.	Oct	0tz.	Oct.	Year	19	87	Since Co	mplation
	21	20	19	15	14	a90	High	Low	High	Low
Government Secs	85.47	85.21	83.73	84.90	85.65	82.89	93.32 (8/5)	83.73 (19/10)	127.4	49.18 (3/1/75)
Fixed laterest	91.75	93.23	91.05	91.50	91.67	89.02	99.12 (15%)	90.23 (2/1)	105.A (28/11/47)	50.53 (3/1/75)
Ordinary 🛡	1527.3	1439.2	1629.2	1812.9	1834.7	1262.4	1,926.2	1,320.2	1,926.2	49.4
Gold Mines	396.8	427.6	444.2	436.3	438.2	285.6	497.5 (4/8)	288.2	734.7	43.5
Ord. Div. Yield	3.97	4.21	3.70	3.32	3.28	4.41	_,,		TIVITY	,
Earnings Yid.%(full)	9.72	10.33	9.07	8.15	8.06	10.15		dices	0ct 20	Oct. 19
P/E Ratio (net) (*)	12.58	11.84	13.49	15.01	15.17	12.08	Gilt Edged	Bargains	154.9	129.5
SEAQ Bargains (5 pm)	103.680	78,969	56,790	34,797	35,468	<b>!</b> — i	Equity Bare	palmis	524.7 5688.5	361.0 5104.4
Equity Turnover (£m)		2814.33	2525.34	1629.09	1735.08	616.10	5-Day Ave	e	_ 5000.5	3104.4
Equity Bargains	-	80,974	55,708	39,910	43,062	30,890		Bargains		115.4
Shares Traded (mi)		952.0	708.4	514.8	673.2	319.9		alus e	342.A 4666.2	306.5 4564.1
<b>♥</b> Opening	10 a.m.	11	a.m.	Noon	] [;	i p.m.	2 p.m	.] [3	p.m.	4 p.m
1521.0	1522.9	15	2.9	1491.0	)  2	511.7	1527.		552.0	1527

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

ber sector, Meyer International picked up 22 at 385p and Magnet improved 20 at 242p. Selected second- liners regained their poise. Raine Industries rallying 23 to 131p and Bryant Holdings improving 14½ to 129p.

ICI rallied along with other international stocks and the

close was 1/2 higher at £13. News of two further resigna-tions from Harris Queensway, scheduled to announce interim results today, restrained Harris shares which closed only a fraction up on balance at 152½p, after initially touching 158p. The latest directors to leave the group, Peter Davis, executive deputy chairman, and Tony Be-har, follow former joint chief executive Peter Carr who resigned over a month ago. Fore-

casts for Harris' profits range from around £7.5m to £9m. Burton Group, the "cheapest stock in the sector" according to County NatWest, leapt 28½ to 244p. Electricals and electronics

stocks raced higher at the out-set but tended to lose impetus later in the day. British Telecom enjoyed enhanced turnover and strong support - much of it, ac-cording to dealers, coming from north country brokers - and Telecom shares settled 14 higher

GEC rose 12 to 201p - helped by reports of an imminent £15m to £20m order for System X. Acquisition news lifted BSR 10 to 98p while the contract at the Daily Express boosted Harland imon 18 to 253p. Hawker Siddeley's interim fig-

Mga Oct 19

Tue Oct 20

ures failed to excite, but in line with the general rally, the shares picked up 19 to 461p. Among other Engineering issues, Rolls-Royce were relatively lively - around 10m shares changed hands - but the price settled below the best at 166p, up 13. Camford were also noteworthy for a raily of 15 to 205p.

Rusters returned for selected

Buyers returned for selected leading Food issues, but the mood remained distinctly cautious and prices only recovered relatively small amounts of re-cent losses. Cadbury Schweppes, in which nearly 8m. shares were traded, improved 7 to 235½p; Morgan Guaranty Trust's hold-ing has been reduced to 5.5 per cent of the current issued ordinary capital. Tate and Lyle gave up 5 more at 751p while RHM, in which Goodman Fielder of Australia announced on Tuesday that it had increased its holding to 29.9 per cent, softened a pento 29.9 per cent, softened a pen-ny to 314p. Associated British Foods, currently bidding for S. & W. Berisford, picked up 8 at 322p; the latter hardened a cou-ple of pence to 387p. Hillsdown rallied 25 to 305p and Dalgety 17 to 327p. Bernard Matthews rose

Leading Hotels staged a useful recovery, Grand Metropoli-tan rising 31 to 475p, Trusthouse Forte 24 to 242p and Ladbroke 33 to 400p.

The continuing recovery on

Wall Street early yesterday en-couraged a revival in intera-tional stocks. Trading condi-

tions were again volatile but most stocks closed with useful

Woolners (\*335)

25 15 8

37 23 16

30 32 32

23 16 10 28 22 15

20 17 12

38 27 17

50 37 73

37 65

50 38 22

57 42 28

40 4 28 13

230 190 155 5 35 85

8 15

13 20 38

18 18

15 20 25 30 43 48

32 45

45 68 105

18 to 145p on revived takeover

gains on the day. Glaxo, one of the hardest hit over the past few day's, rebounded to close 12 higher at £12½. Wellcome picked up 64 to 394p and Fisous rallied 44 to 306p. Hanson, were heavily traded again (some 27m shares changed hands) and the close was 23 higher at 139p. Beethers close was 23 higher at 1339. Beecham rallied 43 to 431, while Benters, a particular US favourite, recouped 38 at 5439. Elsewhere. British Aerospace, assisted by news of the contract worth more than £150m to supply the Swiss Air Force with 20 Hawk M688 advanced in train. Hawk MK66 advanced jet trainers, rallied 16 to 463p. Reed International, in which Mr Rupert Murdoch recently acquired a small stake, (some 2.5 per cent) regained 39 to 454p, but Pearson made only a modest recovery, closing 17 better at 810p. Favou-

nary figures helped C.H. Beazer rise 13 to 234p. In the Leisure sector, Virgin Group put on 13 to 127p; the company has acquired a 45 per cent stake in Mastertronics, the ultimate holding company for Mastertron Group, a publisher and distributor of computer sof-twear games. Tottenham Hot-spur gained 10 to 170p in reply to the good annual results and optimistic statement

able comment on the prelimi-

(\*141)

Upderer (\*519)

40

Oct. New. Dec. Jan.

180 240 270 350
125 220 250 270
90 200 155 230
90 125 175 230
40 75 166 200
18 60 150 185
15 45 120 150

10 22 36

45 35 25

NEW HIGHS (3)
TRUSTS (2),Fashion & Gen., Johnson
Fry, UVERSEAS TRADERS (1), Nesco NEW LOWS (23) AMERICANS (28), GANADIANS (19),

**LONDON TRADED OPTIONS** 

dipped back to close a net 11 up at 297p with buying interest said to have emanated mainlyfrom the "man in the street". The small investor was also responsible for a strong showing by British Gas, which moved ahead to 155p before closing 9 higher total of £78m from car rental companies gave a major boost to Rover, up 37 at 100p, while Jaguar rebounded 38 to 448p Overseas Traders lagged be-hind other sectors, making limwith the trend in other blue chip issues. Motor Components ited progress only. Tentative buying inquiries brought a modrallied with Kwik-Fit reclaim ing most of Tuesday's sharp fall to end 37 higher at 219p. Lucas est rally in Inchcape, 37 higher at 727p, and Polly Peck came to rest a net 16 dearer at 319p. Toz-

er Kemsley bounced 8 to 112p but Paterson Zochonis settled

280p and Lookers 50 to 355p. Hartwell regained 15 to 124p and Alexanders 11 to 41p. lower at 350p on further consideration of the preliminary figers 11 to 41p. Paper/Printings registered substantial improvements but Traded option activity remained buoyant with a total of Newspapers were less noteworthy. BPCC picked up 18 to 265p and Eucalyptas Pulp added 125 at 800p. More than doubled in-terim profits raised Conrad 24 to

Industries were an exception,

managing a recovery of only 18

to 622p. Distributors also went

better, D.C.Cook spurting 45 to

Properties gave a much steadier performance and mar-ketmakers reported a good two-way business in the leaders. Land Securities moved up 20 to 498p and MEPC, results due next month, picked up 27 at 465p. British Land rallied 17 to 250p and Great Portland Estates recovered 30 to 274p. Hammer-son A put on 33 to 598p ahead of

son A put on 33 to 598p ahead of today's half-yearly figures. Elsewhere, Control Securities railied strongly and closed 18 higher at 71p and Sheraton Securities regained a similar amount at 91p. Helical Bar moved up 45 to 285p.

Shippings were noteworthy for a rally of 13 to 558p in P. and O. Deferred. Elsewhere, Mersey Docks units regained 42 to 345p. Docks units regained 42 to 345p. Miscellaneous financial is sues figured prominently in the rally. Gains of double-figure amounts were fairly numerous with British & Commonwealth with British & Commonwealth showing a rise of 50 to 428p. Smith New Court recovered 20 to 270p, Aitken Hume pulled back 15 to 132p and Ahaco were 9 better at 87p. Baltic responded to news of Banque Paribas' acquisition of a stake of 18.2 per cent rising 12 to 235p. while cent, rising 12 to 235p, while sharply improved half-yearly profits left Comprehensive Financial Services 15 up at 250p. Smaller-priced stocks were highlighted by Loudon & Associated which jumped 13 to 44p.

ated, which jumped 11 to 44p.
Oil and gas issues provided outstanding performers in BP and British Gas where turnover topped 35m shares in each Two big orders worth worth a stock BP raced up to 309p but

**NEW HIGHS AND LOWS FOR 1987** 

BANKS (3), STORES (1), ELECTRICALS (3), ENGINEERING (1), INDUSTRIALS (2), INSURANCE (5), NEWSPAPERS (1), PAPERS (2), TRUSTS (4), OILS (2), PLANTATIONS (3), MINES (9).

60.195 puts. Privatisation issues were popular, particularly British Gas which attracted 6.125 calls and 5.626 puts. BT registered 2.166 calls and 3.587 puts. The FISE contract sitracted 4,077 calls and 2,370 puls.

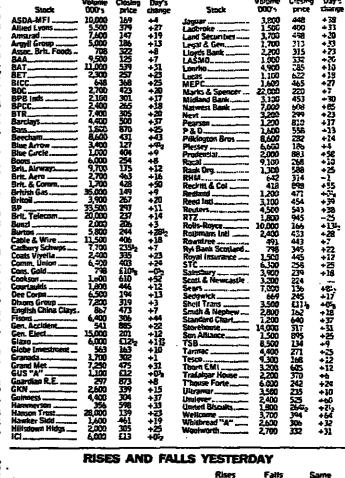
**Traditional Options** • First dealings Oct 5

Last dealings Oct 16 6 Last declarations Jan 7 For Settlement Jan 18 For rate indications see end of London Share Service

Call options were taken out in Eagle Trust, Rillsdown Holdings, J. Crowther, Pentland Industries, Barclays Bank, Allied Lyons, Rothmans, Wellcome, Azenson, B. Elliott, Control Securities, Morgan Grenfell, NatWest, (Clyde Petroleum, Premier Con-solidated, Rexmore, FJC Lilley, Ossory Estates, Astra Holdings, Sound Diffusion, Boots, Cable and Wireless, Britoil, Jaguar, Blue Arrow, Marks and Spencer. Rolls-Royce, Bat Industries, 85R. 119,142 contracts transacted Rolls-Royce, Bat Indust consisting of 58,947 calls and williams Holdings.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAG system yesterday until 5 pm.



20 1,112 419 74 27 124 200 90

		_	<u> </u>							+	+	<del>+</del>	+	+	<del></del>	- i					•							
Allied Lyans (*380)	360 390 420	20	45 25 15	57 37 25	20 50	18 35 57	25 42 65	LASMO (*333)	300 330 360	45 22 12	522	75 53 35	15 25 45	21 33 50	27 40 65				<del></del>						_			
Brit. Airways (*177)	170 180 190	10 1 2	ž	-1-	10	23		Plessey (*188)	180 200 220	23 10 3	30 23 10	40 25 20	11 23 38	18 33 43	22 32 47				אנ	)O	N	RECEN		51	기축			ł
Brit. & Comm. (^428)	420 460 500	1	45 25 15	60 40 25	50 80	30 55 80	35 60 85	Prudential (*878)	850 900 950	65 35 20	95 65 45	115 85 85	15 45 90	40 65 100	85 110	EQU	Apreso	Latest	19	E7			Clasing		Net.	Times   G		_
B.P. (*299)	223 300 317	20	55 38	- 52 -	2 1 17	23	38	P. & O. (*560)	500 538 550	43	95 58	= 80	13	12	- 2	Price	Pald up	Date 20/11	High 170	12# 131	Alba 1	Stock	Price	-	Div.	Cord Y	reic R	4
Bass (*875)	900 950	40 2 11 <sub>2</sub>	90 53 35	110 85 65	30 90	45 80 120	65 100 140	Recal (*268)	260 280 300	27 19 9	42 30 22	55 42 32	12 23 42	25 35 50	30 42 55	6130 661 175	I F.P.	_	96 240 27	64 200 21	-;Ante Angio	r Plast Inc. \$0.01 . Leasing 10p	73 210	+6 +3 +10	138 R025c 125	22 4.6 19	36   1 21   1 17   1	9
Cons. Gold (+1070)	1050 1100 1150	45 10 5	240 190 140	İΞ	10 50 100	110 140	ĪĒ	R.T.Z. (*945)	900 950 1000	140 120 90	190 160	230	25 50 90	80 130	160	5105 5100 703	F.P. F.P.		遊	뱵	Butte CDFC	ner Homes 10p Mining 10p Trust 10p	21 131 145 68	+8 +30 +3	R2.6	= :	2.7   1 	_
Courtanids (*448)	420 460 500	30 2 1	18 25 25	75 50 35	20 20 60	135 35 80	23 40 60	Vani Reets (*\$116) 7r. 111,% 1991	110 120 130	127	24 19 16	24 20	12 20	16 23	24 26	50 5196 10	F.P. F.P. F.P.	95 11/12	144	58 128 8 253	&Dolpi EFM (	. Estatés Prop.5p . No Pack 5c Dragon Trost 5p N & Caledoctan Iov	83 140 10 250	-2 +12 +2	19.75 120 		12 4	
Cora. Union (*403)	360 390 420 460	45 15	60 40 28 13	65 48 32 20	2	10 20 35 65	15 25 40 75	(*104)	102 104 106 108	200	23 <sub>0</sub> 13 <sub>1</sub> 03 <sub>2</sub> 04 <sub>2</sub>	ΙΞ	04 05 113 34	014 244 445	ΙΞ	22	F.P. F.P.	30710 23/10	67 23	44	First S Indepe	panish I. T. Writs indent litv. Writs	37½ 44 18	+31 <sub>2</sub> : +1	111	=	=	=
		1 04 <sub>2</sub>	_		5 20 8	_		Tr. 12% 1995 (*108)	106 108	Ξ	Ξ	324	Ξ	Ξ	24	\$80 \$60 \$170	F.P.	∃	82 191	182		ill. 5p	128 78 185	+10	R1.17	I -	1.2   2 	4
Cable & Wire (*409)	390 420 460	20 2 1	65 43 30	80 65 48	17 50	23 47 73	35 60 100	Tr.111,%03/07 (*112)	110 112 114 116	22 112 113	4 3 23 18	44 34	14 214 214 417	27 30 41 59	34 44 54 64	515 257 500	F.P. F.P.	=	128	105 SS	i Marc Moore		108 70 . 103	+3	23		2.9 2	
British Gas (*151)	135 140	15	38	34	1	10	1 =		1116		_	2.8			_	930.58	F.P.	·!	521 L	\$14	Portug	rad Fund \$0.01	574		_		<b>= 1</b>	Ξ
1-1757	145 155	6	30 16	] =	1=	15 18	15	Option	T 4	Oec.	War	Jese	Dec	Mar	Jone	923 11	먉	!	温	105 l		Corp. ir. £0.01 m Holdings	98 108		Q36.9	2.5   3	35   1   1	2
G.E.C.		25		( <u>-</u>	1 6	18	<del> </del> _	Asstrad (*147)	140 160 180	24 14	爱品	42 35 28	14	20 35 50	30 38 55	1301	F.P.		253 ];	180		ly Archives 20p	230 178	+15 +5	R4.0		24 2	å
(-501)	180 200 220	4	42 25 17	52 57 25	5 20	18 30	13 25 35	Barcleys (*503)	460	65 40 17	80 55 35	95 75 53	18 30 65	30 45 70	35	\$180 250 487 \$60	F.P. F.P.	12/12 9/11	317 98	75	+Stant +URS	Inti \$0.01 Hidgs Sp	248 76 75	14 +1	R4 75	1.9 3	15 1	5
(*337)	360 390 420	1	벁	翌	28 58 88	45 70 95	53 75 100	Beechage (*433)	550 420	17 48 35 18	35 45 30	53 80 60 40	43	70 50 80 105	50 75 55 86 215	_ IF	F.P.	_=	93 168			Leisere 10p.	138	+3	R1.4 L1.5		26 1 1.5 2	5
Grand Met. (*481)	460 500 550	20 1 01 <sub>2</sub>	55 35 18	67 45 23	10 30 80	27 47 85	35 57 93	Boots (*259)	460 500 260 280 300	18 23 14			70 95 24	30			D	NT	ERE	ST	ST	OCKS	_					
ICI.	1300		130					\-231		17	36 26 18	44 32 24	24 36 48	42 54	34 46 60	Esser Price	Antour	t Lane Recor		1987			Day 4			Closen	<b>.</b>	-
LC.I. (*1309)	1350 1400	35 15 4	100 78	165 135 105	130 130	90 110 130	100 130 160	81R (*304)	300 330 360	20 17 7	50 28 14	57 32 20	15 37 67	23 40 70	33 45 72	£ 106	19 F.P.	Date	118		Lew 1025	40000	Stock			Price £	Ŀ	-
Jager (*460)	420 460 500	_	75 55 35	95 75 55	55	40 50 80	45 60 95	Bior Circle (*406)	400 420 425	40 20	45	55	32 43	40	50	· 100 100	FP.	20/1	1 6		82a	AGB Research 6.21 Affled Lood, Props 5 Brit. & Comm. 41px	Con David	LPI		102: ************************************	n 1 –3	Ü
Land Securities (4953)	460 500 550	40 3	60 38 18	80 55 30	2 19 60	15 25 60	32	De Beers ("\$1225)	1200	290 190 90	Ξ	=	15 80		=	100s 100 11	F.P.	zv.	1 1	72p	94p 10%	CDFC Trust 61280 C Chesterfield Props 5 Chester Wir Wiss 11 Merlist Intl. Com. Re	Appe Cr. C Appe Red To	<b>100.2</b>	00	96 96 111	8   +5 8   +2	,

<u> </u>	<u> </u>		High	Lew		3	1 -
100	F.P.		110p	102p	AGB Research 6.21 Cm. Pvf.	1025	┾╌
100	[ [49]	20/11	6lanos	Appen	Allied Load, Prove SLAC C., DJ 04	-1 1000	1-1
100 100	F.P.	-1	<u> 101</u> p		OFF & LOMB SLIVE ON Dark Dark	920	
100	F.P.	1	102 102s	79 (	CUP C (NRC 6L-se-Co 2016)	- 79	+5
100	66	21/1	114	104	Chesterfield Props State Cr. Cm. Prf.	96o	1+2
1	F.F.	23.	1450	1250	Chester Wir Wis 11 pc Rd Do 78-2000		-
សំល	F.P.	_{1	1290	1010	Mertial Intl. Com. Red. Cov. Pri. Morrison (Www) Stape Con Rd Pi	136s	+5
	F.P.	_	100.	99%	Weide Anglia 1017 pc. 12-9.88		
1 <u>-</u> 1	F.P.	-1	100%	994	D0. 103- bc 24. 9 R0	100,,	+4
] <u>. R</u> .	F,P.	-1	10912	1001	MERT 5476 City, 2003	- 997 100°	**
100p	F.P.		1139	160a	Sharesworth Tot. 7% Com. Con. Red. Pel	980	1-11
"RIG		" 0	FFE	25		<del></del> -	
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Price	Pald	Renemi		·	Stock	Price	+07
ļ	139	Deste	Kigh	Low	1	1100	_
200	NH.		208cm	155om	44-		ı
6	NE	1911	601	31	Arter	178cm	+23
213	1965	(	2800	1000	Acs. Brit. Eng 1p Bimidyham Mint	41-34n	+17
159	MH	2/12	1400		Comie (T ) So	10pm	-i3
310	NII	212	43pm	3om	Heywood Williams	20m (	+1/2
265	NH NH	411	34pm	300		3000	-1
450	NE	4/12	140pm	9pm	Kleimort Berson, L	72m	+2
370	160	27/11	61.pm	11pm		14pm	+1
70	NA	11/12	9900			20pm	+9
385 735	MA	-	43pm	941		Shart 1	
/35 145	Mil		65pm			10am	+2
425	MH MH	13/11	14pm	Ipm		معبا15	
<b>7</b>	Na Na	18/11	255pm 180m			3pni 245pm	
200	Ñī	Z	16700	) 2010 45	Mew England Props. Sp.	Sport	+1
45 200 380	NE		40cm		PERMITTE SAME TON	9500	+45
. 80	N	1 =	460cm	300mm	Peachty Prop	150m	+43 +5
<b>55.</b>	190	1471	Lipm			3000m	-5
136	MH	20/11	48pm	4100		212111	-3 +-3
400	NA I	20/11	86em			43mm	
150	MI	411	4000	25om	Statistics	20pm	+3
270	NA	5/11	33em	400		30mm	-i
· 115	MOA	_	30.00	9000	Water Group Zip Warringtons	5011	+ì
40	制	3011	73pm	50mm	#Williams (Res) 5p.	10pm	
ROSSELINCIA:	diga distre	usually la	od day for	dealing i	iree of starop duty. # Annualised dividend. payable on part of capital community.		
OS brombect		er o Di	Augend 15	te paid or	iree of starup duty # Amoualised dividend payable on part of Capital, cover based of of dividend and yield after tools in the	. o Fegure	- based
Laplace y	SOUTHER C	saddille 1	DE YKK.	n Alsonoi	ed dividend and vieta about a divided o	n cividend	الواعين
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#### FT-ACTUARIES INDICES

Activity in the big-four was

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Wednesday October 21 1987

	& SUB-SE	CTIO	NS	<u> </u>								<del></del>		
F	igures in parenthese stocks per	es show n		Inde No.		ge   (Nia	mgs d%	Gross Div. Yield% (Act at (27%)	Est. P/E Ratio (Net)	nd adj. 1987 to date	ladex No.	Index No.	Index No.	Index No.
1	CAPITAL GOODS	(214)		854	68 +4	.B.   8	20	3.31	15.32	18.17	815.65	913,75	1084.20	649.38
2	<b>Bullding Materials</b>	s (30)		1094			48	3.36	14.69	22.79	1638.08			
3	Contracting, Const			1597			.80	3.15	17.12	29.46	1533.59		1867.74	1088.69
4	Electricals (14)			2169			41	4.00	15.52	54.41	2066.46			
5	Electronics (34)		A\	1839 453			.78	2.74 3.53	14.84 15.61	34.90 10.90	1740.56 438.33	1930.21 494.13	2153.94 542.37	1389.58 359.63
6	Mechanical Engla Metals and Metal						21	3.39	14.84	9.11	466.53	537.34		372.26
8	Motors (14)	COLIMINA	.,,	331			79	3.39	13.32	5.86	314.63	364.64		
1Ó	Other Industrial M	laterials	(22)	1442			23	3.60	16.45	36.48	1377.83			
21	CONSUMER GRO			1140			24	3.08	17.57	18.23	1063.15		1334.43	912.65
22	Brewers and Disti			1057			.52	3.49	13.27	17.52	989,34			
25	Food Mammacturi			885			33	351	15.51	16.66	841,24	927.56		
26	Food Retailing (1	6)		2356			85	2.75	19.45	39.17	2025.34	2255.15		
27 29	Health and House Leisure (30)		ances (Tri)	1972 1268			32	2.25 3.57	20.30 19.76	16.41 28.12	1714.22 1190.12		2328.95 1479.29	899.69
31	Packaging & Pape			614			.72	2.89	19.58	20.76	597.06	647.66	711.63	468.76
32	Publishing & Prin	tine (15)		3903			18	3.63	24.75	67.36	3695,34			
34	Stores (35)			954			39	3.08	18.32	15.23	905.61	1040.76		850.71
35	Textiles (16)			763			27	3.02	13.99	12.45	726,28	810.49	894.16	522.05
40	OTHER GROUPS	(86)		968			.99	3.67	13.86	20.69	915,23	1635.32		764.46
41	Agencies (17)			1248			.02	1.82	26.35	15.86	1186.70	1415.09		0.0
42	Chemicals (21)			1244	52] +3	16 7	.92	3.69	15.44	32.85	1201.56			992.39
43	Conglomerates (1	3)		1243		.O   E	.26	3.76	13.84 15.58	22.14	1138.99	1330.10	1513.62 2356.81	0.0 1506.57
45 47	Shipping and Tran Telephone Netwo	esport CT.	U	2009 968			43	4.09 4.21	12.64	51.44 18.98	1950,28 987,30	21,75,96 996,23	1087.35	739.06
48	Miscellaneous (22	) )		102			מ	3.35	11.13	32.87	1331.43	1503.51	1711.67	
49	INDUSTRIAL GE			1033		_	.97	3.30	15.81	19.44	973,12	1898.49		813.96
	Off & Gas (17)			1867			.18	5.25	13,44	65.73	1778,41	1939.32	2156.80	1383.14
<u>51</u>						_	$\overline{}$		_				_	
<u>59</u>	500 SHARE IND			1104			14	3.57	<u>15.43</u>	23.43	1041.54	1170.03	1297.82	861.13
61	FINANCIAL GRO			733			ام	4.20. 5.38	-,,	19.58	689,64	781.13	874.18	591.92
62	Banks (8)	Q1		724 1036			.43	430	7.17	25.98 31.49	662.27 959.44	760.61 1106.21	859.86 1223.90	650.15 868.86
65 66	Insurance (Compo	site (7)					- !	4.99	1 🗀 1	15.97	535.96	591.76	690.77	469.23
67	Insurance (Broke	rs) (B)		1058			.49	5.41	12.20	38.19	998.77	1101.37		
68	Merchant Banks (	(12)		444			1	2.97	===	8.69	435.33	490.68	533.76	331.46
69	Property (48)			1119	.02 +4	17 4	31	2.66	29.97	15.03	1068.57	1195.82	1309,76	769.66
70	Other Financial (2	<u> (82</u>		501	.94 +6	9 7	10	3.19	17.92	<u> 10.24</u>	469.51	<u>539,98</u>	598.33	346.75
71	Investment Trusts	: (88)	به الرور و سسط 1000 ا	1974			- 1	2.43	- 1	34.44	973,98	1206,78	1195.28	965.53
81	Mining Finance (			492			23	3.55	12.20	20.41	512.24	606.87	672.89	321.77
91	Overseas Traders			1089			45	4.49	_13,86	29.58	1058.25	121161	1339.82	726.63
99	ALL-SHARE IND	EX (720	<u>}</u>	1807	A7 +5	<u> 8   -</u>	_1.	3.64		22.01	951.95	1072.40	1189.92	789.16
				Inde				Day's	Oct	Oct	Oct	Oct	Oct	Year
				No.				Low	20	19	16	15	14	<u> </u>
	FT-SE 100 SHAI	SE INDE	K &	194	3.8i +142	2 199	3.1	1897.5	1801.6	2652.3	2381.9	2381.9	2322.9	1589.6
_							T-		-			<del>-</del>	_	[
					_		l	AVER	ASE GRO	S\$	- 1	Wed	Tue	Year
	FIX	(ED I	NTE	₹EST	•		1	REDE	RPTION	AIETR2	- 1	%	0ct   20	ago (approx.)
							ı				- 1	~ 1	ا "	(diffurn
					·	<u> </u>	┱	British	Gertrian	<u></u>				
	PRIČE	Wed	Day's	Tue	xd adi.	xd adi.	1			5 years		9.66	9.68	9.74
	INDICES	0ct 21	change	0ct 21	today	1987 to date	2		5	15 years		9.95	10.03	10.32
	<del>,</del>		- 70			10 0400	J3			25 years		9.74	9.79	20.33
	Sritish Sovernment	1	1		)	]	1 4			5 years		10.28	10.36	11.09
1	5 years	120.69	+0.31	120.32		9.45	5		5	15 years		10.18	10.24	10.69
_	5-15 years	133.02		132.71	ا ـ			High		25 years		9.91	10.01	10.35
		140,50			[	12.01		Compos	5	byears 15 years		10.35	10.38	11,21 18,89
	Over 15 years	,		139.64	) - 1	12.02			-	25 years		9.98	10.08	10.46
-	irredeemables	156.11	+0.03	156.07	-	8.81	10	Irredee	aables		t	9.97	9.96	19.09
5	All stocks	131.21	+0.32	130.79		11.20	F	lodes-1			<del></del>			
	Index-Linked						4	Inflatio	n rate 5%		Syrs	3.78	3.78	4.39
	5 years	119,50	[]	119.49	_	2.18			n rate 5%	(her	5 yrs	4.53	454	3.80
		104.78	+0.24				1 2		n rate 10%		5 715	3.90	3.89	293
	Over 5 years			104.61	-	2.89	14		a race 10%		5 yrs.	4.56	4.57	3.63
8	All stocks	105.85	+0.15	105.70	-	2.82	-			Sy	_	11.83		
_					_		1 14	Debs & Loans	•	15 yr		11.63	11.86	11.53 11.55
- 9	Bebentures & Loans	113.83	+0.32	113.47		8.07	17	1		25 x		11.44	11.49	11.56
70	Preference	82.58		82.58		4.95	<b>_</b>	Profess				11.03		11.56

914.4; 10 am 1938.6; 11 am 1975.1; Noon 1901.4; 1 pm 1920.8; 2 pm 1941.2; 3 pm 1974.7; 3.30 pm 1950.3; 4 pm 1948.0

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## WORLD STOCK MARKETS

AUSTRIA   GERMANY   SPAIN   AUSTRALIA (Continued)   JAPAN (Continued)	
Continuer 21   Price   + or   Cotaber 22   Price   + or   Cotaber 21   Price   + or   Cotaber 22   Price   + or   Cotaber 22   Price   + or   Cotaber 23   Price   + or   Cotaber 24   Price   + or   Cotaber 25   Price   + or   Cotaber 26   Price   + or   Cotaber 27   Price   + or   Cotaber 27   Price   + or   Cotaber 28   Price   + or   Cotaber 29   Price   + or   Cotaber 20   Price   + or	CANADA
1704 00 1-107   Novemb Partie   320   03   Notice Street   1704 00   100	Sales Stock High Low Class Ching
Austroactive	TORONTO  3200 CDesta B   \$5\\ 5 \ 5 \ 1.20   1300 MICC 511 10 10 + \(\frac{1}{2}\) 36\\ 25\\ 5 \ 5 \ 1.20   1300 MICC 511 10 10 + \(\frac{1}{2}\) 36\\ 25\\ 5 \ 5 \ 1.200 MSR Ex 285 250 285 + \(\frac{1}{2}\) 12200 Shorrett 26\(\frac{1}{2}\) 5\\ 60\\ 60\\ 60\\ 60\\ 60\\ 60\\ 60\\
Designation   1,040	Prices at 2.30pm. 900 Con Glass 922 20 20 +1 245 5 5 5 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
SELGIUM/LUXEMSQURE   Control   200   580   140	October 21  900 Conwai B 5121 12 121 + 1 20906 Macmilian 522 51 21 21 15 + 1 20906 Macmilian 522 51 21 21 15 17 17 17 17 17 17 17 17 17 17 17 17 17
Delate   Section   Column	
B.B.1   2.591   1-50	572775 Alcoma St 518 17 18 425 1115 Develor 330 330 330 300 300 300 300 300 300 30
Climent CBR   6,000   77   1900   1	NC10 Asamera \$101, 90, 90, 419   200 00,000 0 111, 12 12 12 12 12 12 12 12 12 12 12 12 12
Colors	12880 Acco ( f 310) 91, 101, 111, 112, 200 Decision B 5151, 143, 143, 143, 143, 143, 143, 143, 14
Scholene   1220   1230   1231	1985 BGR A 513a 13 13a + 5 142 D Teste 517b 17 17b + 1 183330 Noranda 527b 25 25 8 + 1 a 52100 BP Canada 520b 19 13 + 1 b 500 Donatru 518b 17b 17b + 1 b 183330 Noranda 527b 25 25 8 + 1 a 52100 BP Canada 520b 19 13 + 1 b 500 Donatru 518b 17b 17b + 1 b 185 100 Banister C 50 30 50 4 50 500 Donatru 518b 17b 17b 17b 17b 17b 17b 17b 17b 17b 17
Seminary	\$30.00 Barmatee \$21   150 From Into Bridge B
Consistence   17,00	13300 Brannates 21 191, 21 + 9 200 FCA Intl \$100, 81; 100, + 121, 1003 Na West 25 34 35 + 5 1 708 Un Corp 321 30 47 5 75720 Brancan A \$333, 315, 32 + 314, 3
Right Beign   5,880   4100   100	46000 BC Res 95 82 93 + 16 1222 Fond Crida \$145 140 1700 Omega Hyd \$77 <sub>8</sub> 61, 77 <sub>8</sub> + 17 <sub>8</sub> 5950 Westmin \$10 9 92, -11 <sub>4</sub>
Stanistic last   500	21450 CCL 8   58° 8   834   +3   2000   Guant Yk   528° 226° 25° 21° 1000   Parmour   513   13   +3   F - No volung rights or restricted wolling
Soit Core Beilge 13310 +675 Soliton 12400 +475 Soliton 12400 +500 UCS	
DENMARK	
Subject   Marke   Ma	60410 CCem ex p \$1514 15 1514 +114 500 Hawler \$21 21 21 +2 213450 Proving \$10 310 310 314 +115 32850 CDC 1 \$1512 1134 1214 +112 1900 Haves D \$1012 1014 1012 +14 4300 Oue Surg \$514 475 5 +40 2200 Can Mell \$2214 214 54 65042 Hoos hall \$22 1914 22 214 +14 1900 Haves D \$1012 1014 1012 +14 4300 Oue Surg \$514 475 5 +40 4
Dest Duratic Statis   313.00 +21   196.00	4385 C Nor West 522 1914 22 + 314 224 H BayMn 5 884 84 84 84 160550 Ranger 557 5 57 4 78 5900 C Packers 514 1314 1314 141 5250 H Bay Co 51994 1998 1998 1998 1998 1998 1998 1998
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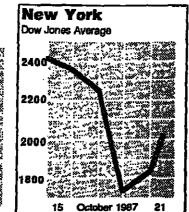
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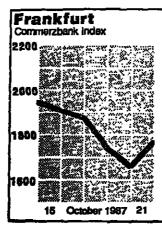
## FINANCIAL TIMES

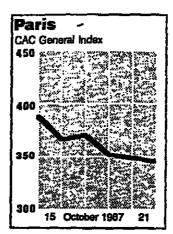
#### **WORLD STOCK MARKETS**

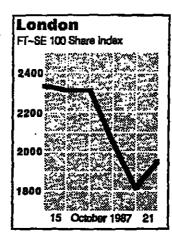


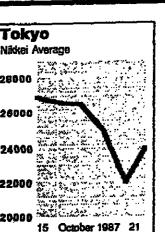


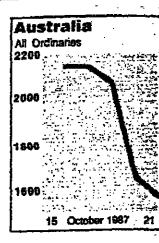












## **Buyers stampede** to drive Dow into record rally

#### WALL STREET

A TIDAL wave of buy orders broke over Wall Street yesterday driving up stock prices by a record ammount, writes Roderick Oram in New York.

Equities, showing remarkable resilience to the volatility, managed to hold on to their gains in a market-wide rally. The tone was more positive and less jittery from Tues-day's when an equally fast start was rapidly reversed, bringing near-paralysis to the New York Stock Exchange.

The Dow Jones Industrial Average closed up a record 186.84 at 2,027.85, almost double the previous record rise in points terms set the day before. In percentage terms, the rise was 10 per cent and brought to 288 points the two-day recovery from the historic 508-point drop om Monday.

Analysts cautioned though that the rise was largely a knee-jerk reaction to the monumental sell-off

of the woods yet. Broader market indices followed suit, breaking the previous day's trend in which secondary and tertiary stocks had continued to fall. The Nasdaq over-the-counter composite index was up 24.07 at 351.86 and the American Stock Exchange composite index was up 23.81 to 281.97.

The Standard & Poor's 500 and the New York Stock Exchange comof 21.55 to 258.39 and 11.98 to 145.02

Trading volume remained exceptionally heavy with the NYSE log-ging almost 450m shares, its third heaviest ever after the first two days of this week. The rally was of almost unprecedented breadth with advancing issues overwhelming those declining by a ratio of eightto-one. Despite the index gains the previous day, declining shares had outnumbered advancing by three-

large number of stocks, particularly in the Dow industrial average halted because buy orders swamped sell orders. Once indicated prices rose sufficiently to generate a rough match between buy and sell, trading in them started. IBM was up \$7% at \$122%.

The Dow Jones Industrials swung widely in a range of about some 70 points but each time it dipped it re-covered. Programmes arbitraging between stocks and stock index futures were largely absent from the

Institutions were heavy buyers of stocks and the pace of mutual fund redemptions by small investors slowed considerably. Stocks were also helped by the rush by compa-nies to buy back their shares like miners stampeding to file gold min-ing claims. The move was widely seen as a positive action helping to underpin the markets. "Corporate buybacks are the only

#### Mr Jeffrey Miller, managing part-ner of Miller Tabak Hirsch, a New York investment firm.

Among companies buying their shares, Allegis rose \$5% to \$75%, Chrysler rose \$1% to \$30, Citicorp gained \$1 to \$45, Ford jumped \$5 to \$77, Merrill Lynch gained \$3% to

creases in third-quarter profits continued yesterday. Along those turning in better performances, McDonald's rose \$4% to \$43%, Morgan Stanley added \$5% to \$60%, ITT rose \$3% to \$53, Squibb was ahead \$5 to \$50 and Morgan are \$4.50 and \$5 to \$75 and Maytag was up \$% to

In the takeover arena, Trans World rose \$5 to \$19. Mr Carl Icahn, its chairman who has majority con trol of the airline, said he would buy shares in the open market to con-solidate his control. He earlier dropped a \$45 a share cash and securities offer to minority sharehol

In credit markets, prices continued to swing widely as bonds tried to find a stable level at which to ride out continuing turmoil in financial markets.

The Treasury's 8.75 per cent benchmark long bond moved within a range of more than a point above its previous close. By late afternoon it was up 1 % at 94 % yielding 9.43

Overall, though, the markets were somewhat less frantic than earlier in the week. The long bond price swung through 13 points from its Monday low to its Tuesday high. Credit markets continued to be helped substantially by the Federal

Reserve Board. As expected, it did one-day system repurchases to add more reserves to the banking system. The Fed Funds rate at which banks lend reserves to each other opened at 5% per cent and closed at 7 per cent.

#### CANADA

Yesterday's session started with a THE TORONTO stock market rebounded with a vengeance yester-day from the unprecedented losses incurred earlier in the week, before levelling off in afternoon trading, writes David Owen in Toronto At 4nm, the benchmark TSF-300

composite index was up a remarkone of the last stocks to start at able 285.61 points at 3262.92 on vol-around 10.30 and it went on to close ume of about 20 per cent below Tuesday's 77.2m-share record. This ented a gain of almost 10 per cent from Tuesday's close and wiped out nearly half of the devastating nosedive which began with Monday's opening bell. Closing fig-ures were again delayed considerably due to the heavy volume of

The market portfolio index in Montreal also rose strongly, putting on 128.86 points by 3pm to stand at 1623.79. Unlike Toronto, volume was well above yesterday's levels at

All 14 industry sub-indices in Toronto gained ground, with golds, transportation and hi-tech initially

## Johannesburg golds suffer in sell-off

Trading opened two hours late at 11am, to allow brokers time to complete overnight bookwork, and closed a quarter of an hour early at 3.45pm to booking the day's transactions.

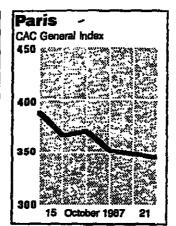
wave of selling as private inves-tors who had missed the news on Tuesday began to offload shares and Johannesburg began to take greater amounts of scrip from London and Wall Street.

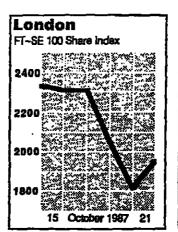
AS IF the market itself didn't funds. In Johannesburg, mutual have enough problems, trading fund managers were have enough problems, trading fund managers were was curtailed in Johannesburg tight-lipped about the level of yesterday by a computer malredemptions, but stockbrokers function, writes Jim Jones in Jo- believe redemptions have

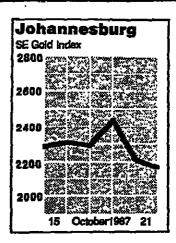
On Tuesday night some des-perate US brokers apparently offered De Beers to their Johannesburg counterparts at prices of an flour early at 3.45pm to as low as R37 a share. That booking the day's transactions believed drop the diamond com-Even so, there was another pany's price in early trading rave of selling as private investors who had missed the news recouped in the afternoon. De Beers finally closed at R43, a drop of R3 on the day.

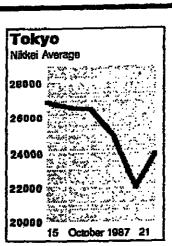
Computer problems meant rom London and Wall Street that indices were unreliable Gold shares were again the fo-throughout the day. Initial indicus of selling pressure despite the metal's comparative steady price. According to brokers, with the all-share index slipmuch of the activity came as blue chip gold mines were marked down in London as they dex suffered a larger drop to were ditched by US mutual 2,167 from Tuesday's 2,205.

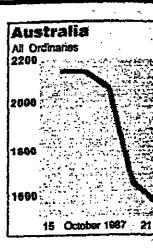












## Plug pulled on programmed trades

Rod Oram and Deborah Hargreaves on a row between Chicago and New York

THE New York Stock Ex-change's de facto curb on pro-gramme trading remained in place yesterday as relations between the stock and fu-tures' communities continued to be somewhat uneasy.

to be somewhat uneasy.

Despite the enormous strains put on the traders in the Chicago futures pits by collapsing and then rebounding prices, they continued to function effectively yesterday. Exchange and regulatory officials said they saw no signs of major difficulties, although some individual firms had been hit hard by this week's events. week's events.

In the last couple of days as

many as 100 traders - around a quarter of the number in the pit on a normal day - have left the Chicago Mercantile Exchange's Standard and Poors 500 futures pit. These were mainly locals who trade for their own account and were not willing to run the risk of being wiped out in the chaotic being wiped out in the chaotic markets. Several have been forced to each in their seats to recoup

cash in their seats to recoup losses and so far 22 seats of the CME's cheapest variety—an index and options membership—have been sold. However, seat prices, which dipped to \$110,000 on Monday from a level of \$145,000, recovered yesterday to around \$130,000.

The NVSE had acked its

\$130,000.

The NYSE had asked its members on Tuesday not to use its automated order entry system to buy or sell baskets of stocks used in arbitrage plays against stock index futures. When there is a gap between the price of futures and stocks arbitragements and stocks. stocks, arbitrageurs take op-posite actions in the two mar-

BARGAIN-HUNTERS scram-bled to pick up quality Europe-an stocks in the frenzied man-ner of an autumn sale, lifting prices sharply and often push-ing trading systems to their lim-its writes our market stoff. But

its, writes our market stoff. But although most bourses recov-ered much of the past two ses-

ered much of the past two sessions' falls, none recovered the levels of early last week.

FRANKFURT rose sharply to close near the day's peaks in a barrage of institutional bargain-hunting which strained the order system in many halfs.

order system in many banks.

orner system in many banks. Heavy turnover again forced ex-tended trading. The Commerz-bank index, measured midses-sion, leapt 110.9, or 6.6 per cent, to 1,780.3.

to 1,780.3.

Demand for quality was fierce. In banks, Deutsche soared DM67 to DM597, Dresdner jumped DM11 to DM321 and Bayernhypo gained DM33 to DM430. Insurer Allianz

made up DM176, or 13.9 per cent, to DM1,438.

Akso starred among firmer re-tailers with an 18.3 per cent rise of DM110 to DM710, Metal and

ngineering issues gained solid-

Cars were perceived as par-ticularly undervalued and Dalmier jumped DM101 to DM985 and BMW rose DM43 to DM637. VW added DM31.10 to

BASF and Bayer led chemicals with gains of DM8.30 to DM308 and DM23.50 to DM327.50

DM308 and DM23.50 to DM327.50 in turn. Hoechst was DM3.50 better at DM294.50. Siemens moved up DM23 to DM398 and AEG climbed DM23 to DM307. Computer stock Nixdorf forged ahead DM45 to DM745.

ZURICH surged in frenetic buying which threatened to overload trading systems. Confidence was revived by recov-

dence was revived by recoveries of the dollar and Wall

Street's poise. Banks improved. Union Bank



Chicago Mercantile Exchange; up in arms with New York

Scramble for bargains lifts Europe

The Key Market Menitors have been dropped from today's edition to accommodate more reports on the sharp movements in markets around the world. Market indices, lists of the most active stocks and London's chief price changes can be found on Page 45

Generale led banks higher fall to FFr1.000 on pessimism with a BFr490 gain to BFr5.490, over the group's 1987 results. With Kredietbank climbing BFr350 to BFr3.860.

added SFr200 to SFr3,450 and Quality issues paced the mar-Credit Suisse SFr85 to SFr3,010. ket, with Peugeot adding anoth-bounced up FI 17.50 to F1128 NKr445.

kets to lock in the profits.

The exchange said it took the action to ensure it would have maximum operating capacity to handle the onslaught of orders this week. It would be practical but much harder to arbitrage by placing orders manually.

Some index arbitrageurs and players in the Chicago pits were highly concerned, however, that the exchange was in fact trying to curb the programme trades, have been blamed in

Swiss Re added another SFr500 to SFr17,000 and fellow insurer

Engineers, bypassed in Tues-day's modest rally, caught up with the market. Brown Boveri

picked up SFr250 to SFr2,615

and Georg Fischer SF190 to SF11,430. Alusuisse was SF1 10 firmer at SF1780 and Schindler

SFr100 up at SFr5,150.
Foods continued their revival, with Nestle up SFr350 to SFr3800 and Jacobs Suchard

rising SFr250 to SFr9,450.
BRUSSELS rose strongly on

the crest of a buying wave which delayed both in the session's

opening and close. The logiam of orders also disabled the re-

Chemicals featured particu-larly as confidence returned to

larly as confidence returned to all sectors. Solvay and Gavaert made gains of BF1950 and BF1500 each to BF112,600 and BF17,800 respectively. Petrofina was also ahead, closing up BF1500 at BF111,450.

Groupe Bruxelles Lambert revived a further BF1290 to BF13,600 in holdings, as Almaningiated up BF17,000 to BF15,200.

PARIS accelerated from Tuesday's advance in busy late trade after prices wavered early on foreign selling. The chairman of the Paris stockbrokers association, Mr Xavier Dupont, and the present the man

said he was confident the mar-ket was set to recover. "Stock-markets are excessive by na-ture," he said. "One has to accept

lease of market indices

SF16.575.

quarters for contributing to stock market volatility this

For their part, futures exchanges in Chicago, New York and Kausas City had to halt trading for almost an hour on Tuesday because many of the stocks underlying their fu-tures instruments had halted trading in New York due to order imbalances.

The programme trading practice was not in evidence in Chicago in early trading yesterday. In fact, the rela-

tionship between cash and fu-tures prices has been so out of line in the last couple of days that it has been difficult to exthat it has been difficult to ex-ecute programme trading.
For this reason, the Chicago exchanges feel programme trading has been unfairly ac-cused for causing the wild swings in underlying stock prices. One observer privately

prices. One observer privately voiced the opinion that programme trading is being used as "a licking boy" for those who find it hard to explain what is going on in the market. But it can certainly make an evodus from the market. an exodus from the market much quicker and can exag-gerate moves in stock prices. Many users of futures and other derivative instruments said that futures markets had performed well.

Operationally, the futures market is in better shape than market is in better shape than the stock exchange," said Mr Louis Margolis of Salomon Brothers. He believed the stock exchange imposed its ban for operational reasons rather than as an attempt to curb programme trading.

Although futures markets have been "somewhat impacted" by this week's events, they are still functioning well, he added.

It appears, though, that the use of some derivative instru-ment trading techniques has ment trading techniques has slowed down considerably for a variety of practical reasons. So hectic is the pace of trad-ing in the pits and on the ex-change floor, for example, that arbitrageurs cannot be sure of the exact prices of exsure of the exact prices of ex-ecution for their orders, which makes the arbitrage

Fig. Fig. 63. Fig. 63. Fig. 64. Fig. 64

STOCKHOLM won back a

third of its losses over the past two sessions in keen bargain hunting inspired by Wall Street's opening rally. Lower domestic interest rates also lent

buoyancy. The Affarsværlden general index leapt 5.3 per cent to 885.5, a 44.6 point rise. Most stocks firmed in heavy trade of

OSLO bounced back strongly,

## Confidence in **Tokyo prompts** strong recovery

TOKYO

CONFIDENCE in the Japanese economy combined with the strong overnight rally on Wall Street to send Tokyo substantially higher yesterday, writes Shigeo Nishiwaki of Jiji Press.
The Nikkel average recouped

The Nikkel average recouped more than half the ground lost in Tuesday's record fall to end up 2,037.32 points, or 9.3 per cent, to 23,947.40.

The rise was the second highest after the 11.3 per cent registered on December 15 1949. Advances led declines 693 to 27, with 13 issues unchanged and turnover swelled from 485m shares to 1.12bn.

Investors remained pervous

Investors remained nervous but drew confidence from the fact that after yesterday's recov-ery, the Tokyo market is only 10 per cent off its all-time peak - in contrast to Wall Street which, relatively, has fallen much fur-

ther.

US issues proved popular and recorded sharp gains as the overnight robust rally on Wall Street prompted individuals, corporations and securities firms to issue buy orders from the outset of trading.

Meanwhile, institutions stayed on the sidelines, although some of them bought steels, shipbuilders and electric railways in light volume. But mostly they decided to wait and see what trends would emerge in New York and London on Wednesday.

Thus, 142 shares registered maximum gains compared with

HONG KONG remained closed HONG KONG remained closed after trading was suspended on Tuesday to give brokers time to settle a backlog of transactions. The stock exchange board meets today to monitor the market, but the exchange is still expected to reopen on Monday, an official said.

SINGAPORE was closed for a and Royal Dutch improved by Fl 20.80 to Fl 25.90.

MHLAN advanced in heavy and edgy trade which centred on blue chips. Trading was extended by almost an hour to cope with huge turnover. The MIB index rose 3.93 per cent to 847.

SINGAPORE was closed for a

religious boliday. 597 shares which took maximum osses in the previous session. Nippon Steel, which shed Y64 jumped L600 to L10,400. Merchant bank Mediobanca was up L4,800 at L239,600. Generali soared L5,350 to L101,350 as insurers recovered from their pummelling. RAS notched a 5.1 per cent rise of L2,200 to L45,300. MADRID toppled.

appled from a lied Y100 to Y1.300.

High-tech issues bounced back on renewed buying in late trading after dipping on profitating astic trade. The general index fell 4.92 to 280.24.

Utilities crept higher, but foods and construction stocks fell sharply. Banks eased.

Market leader Telefonica slid 9.5 percentage points to 179.50 per cent of nominal market. month commercial oils, raising speculation that it has eased its policy of guiding short-term interest rates higher and has decided not to raise its discount rate for the time being in concert with its US and West German counterparts.

man counterparts.

The yield on the benchmark
5.1 per cent government bond
due in June 1996 dropped from
Tuesday's 5.710 finish to 5.580
per cent in block trading on the
Tokyo Stock Exchange. It later
fell further to 5.550 per cent in
interdeplant rading

with leading quality issues re-covering about half of Tues-day's record losses. The all-share index closed up 35.13 at Banks made the best ground, led by Bergen's NKr30 jump to NKr195. Christian Bank was NKr25.5 at NKr205. Elsewhere, to 62m shares. Nintendo surged a maximum Y1,000 to Y9,300 and Osaka Soda Norsk Hydro gained NKr30 to NKr215 and industrial Orkla-

maximum Y300 to Y2,190. while Ono Pharmaceutical gained Y600 to Y6,870.



SEOUL: Stocks ended mixed after the previous day's plunge as investor confidence recov ered along with other world

ered along with other world markets.

BANGKOK: Selling pressure forced prices lower again for the third consecutive session despite an initial higher trend.

TAIPEI: Despite a partial recovery late in the day, issues ended lower and 104 out of the 136 listed shares recorded a maximum 5 per cent daily loss.

#### **AUSTRALIA**

Japan and New Zealand, Australian stock markets yesterday failed to sustain an early effort to claw back some of the heavy losses suffered in Tuesday's

prices crash, writes Chris Sher-well in Sydney.

At the close of trading, the All-Ordinaries index, covering 325 stocks in all sectors, gained just 10.7 to finish at 1.500 and just 19.7 to finish at 1,568.9 on a large volume of 190m shares. In the first 45 minutes of trad-ing the index put on more than 65 points in relatively thin trad-ing. But those gains were almost halved by midday and the slide worsened after the break. Weaker bullion prices meant gold stocks continued Tuesday's falls. The sold index dipped are

gold stocks continued 1 uesuay s falls. The gold index dipped an-other 207.2 points to finish at 2.422.2, having plunged more than 1,030 the previous day. As early demand for shares fell away and selling pressures re-emerged, most blue chip stocks finished above the previous day's close but off the day's highe

highs.
One of the most heavily traded shares by both value and vol-ume was Western Mining, which finished 30 cents lower at A\$5.20 CRA, another resourcebased stock, was off 40 cents at

A\$6.60. BHP, Australia's biggest company, was also heavily traded but finished steady at A\$8.10. Gains of 10 to 30 cents were shown by MIM. Boral. Elders IXL and Westpac, while News Corporation finished at A\$13.50, up 50 cents.

up 50 cents.
On the futures market, the De on the futures market, the December contract ended at 1.455. The trend in the money market seems (OSE), the OSE stock average staged its first rally in five trading days, jumping a record 1,129.40 points to 24,243.92. Volume increased 24m shares to 62m shares.

Yesterday rates eased back, although the average bid at the weekly tender of ASS00m of 13-week Treasury notes was 11.92 per cent, significantly higher than last week's level of 11.215

## Gain of 142 points leaves London disappointed

THE MOOD in London yesterday morning was one of quiet exhib-ration as traders harried into their offices to begin trading one

New York and Tokyo markets.
By 7.30am, half an bour after
market makers were allowed to
sign on to the exchange's elec-

their offices to begin trading one hour earlier than usual, writes en about one fifth off UK equity SE 100 s Terry Byland in London.

Prices immediately surged ahead as UK equities followed the powerful recoveries in the Nam Vort and Talwa workets

But it soon became clear that

But it soon became clear that UK investors were taking a cool market makers were allowed to sign on to the exchange's electronic trading network, substantial gains in the blue chip issues implied an estimated gain of largely reflected trades between about 206 points on the FT-SE market makers, were trimmed

100 share index.

Market makers, seeing the support them. The market failed first signs of a recovery from the dramatic setback which has taken about one fifth off UK equity SE 100 showed a rise of 142.2 at the rities) have got to design of the first signs of a recovery from the dramatic setback which has taken about one fifth off UK equity SE 100 showed a rise of 142.2 at the rities) have got to design of the first signs of a recovery from the support them. The market failed cautious over the outlook of the first signs of a recovery from the support them. The market failed cautious over the outlook of the first signs of a recovery from the support them. The market failed cautious over the outlook of the first signs of a recovery from the support them. The market failed cautious over the outlook of the first signs of a recovery from the support them. The market failed cautious over the outlook of the first signs of a recovery from the support them. The market failed cautious over the outlook of the first signs of a recovery from the support them. The market firms remains the first signs of a recovery from the support them. The market firms remains the first signs of a recovery from the support them. The market failed cautious over the outlook of the first signs of a recovery from the support them.

Mr Xavier Dupont: "Stockmar-kets are excessive by nature"

er FFr35 to FFr1.335, Lafarge-

Coppee rising FFr19 to FFr1,379 and Cie du Midi clim-

bing FFr26 to FFr1,036.
Thomson-CSF, though, suf-fered a relapse with a FFr85

AMSTERDAM sustained a broad and strong rally on optimism that New York had consolidated its overnight rally. The all-share index ended 5.9

up at 84.8, a climb of 7.5 per

Internationals built on Tuesday's gains in heavy dealing, with KLM rising F16 to F142.50,

Philips F15.50 to F143.50 and Ak-

The stock market saw a good two-way trade for most of the day, but whenever prices moved algher sellers soon appeared. To add to the mood of disappoint-ment, the market's electronic re-porting system malfunctioned at mid-session, leaving traders gaz-ing at empty trading screens for several hours. porting system maximum crioned at mid-session, leaving traders gazing at empty trading screens for several hours.

Well, at least it's less painful—prise by the prefessional traders.

cautious over the outlook for world markets. They (the US astherities) have got to do something about the US trade deficit, and they have got to do it within the next few weeks. Otherwise, the markets will go down again', said Mr Roger Charlesworth of Chase Manhattan's London trading office.

UK market firms remain very

Twe get 500 orders to carr out, and it is taking me an average of 15 minutes to do each one. age on to minutes to up each one", said one broker who was trying to deal on the near moribund Stock Exchange trading floor, which is aimed for oblivious some time next year.

It seems that the market makers and the big firms judged the market right. For London, brush-

The flew of small buying orders for British Gas and the other privatisation stocks was somewhat anwelcome and brokers found difficulty in transacting them.

In goff an early gain of 179 points on Wall Street, saw some selling at the end of the day.

BP (British Petroleum) shares climbed painfully up to the price

BP (British Petroleum) shares climbed painfully up to the price of 365p (563 cents) at which the public stock issue was effectively underwritten last week. They slipped back below the issue price later, despite strong demand from small investors.

It is a sign of the changed times in the UK stock market that a gain of 142 is the major market index should leave the City mildly disappointed.

#### SECTION III

# FINANCIAL TIMES



The industry's global market, with the the US as its focus, creates vital factors affecting the fortunes of

European manufacturers. Japan's development of factory production abroad is affecting this balance further. Kenneth Gooding, Motor **Industry Correspondent, reports** 

## Key held by **US** market

TO BORROW FROM one of Win- in its profitable North Ameriston Churchill's wartime can base where it puts the speechea: hardly ever in the Buick, Cadillac, Chevrolet, history of the motor industry Oldsmobile and Pontiac badges has so much depended on so on its cars. This already has had a profound impact on the Eurothe top management at General Motors, the world's largest automotive group.

Throughout the early 1980s, GM was locked in battle in Eurotas in European motor industry.

motive group.

GM has been floundering badly in the US, the one market in the world where the car makers have been able to make a profit in the 1980s. Its car sales in the first half of this year dropped by \$11000 units and it gave up \$

541,000 units and it gave up 6 points of market share. The global nature of the industry today means that GM's future health - whether the decline continues or whether the group moves strongly back to dominate the US market - will affect every single other car manufacturer and every major market in the world since they

can gain or lose market share.

This issue will increasingly overshadow other key changes taking place to the industry, changes brought about by the continuing restructuring pro-cess and the gradual spread of strategic alliances between the

rope with its arch-rival Ford, the world's second-largest automotive company. European companies could not ignore the el of sales.

The warfare died away last year. GM's European market share, which increased from arout 8 per cent in 1980 to 11.5 per cent six years later, has dropped back by half a point this year. But Mr Robert Stemple, the company's president, says GM will be profitable in Europe this year after chalking up losses totalling about \$100 since 1984.

It is no coincidence that 1986, when GM stopped chasing vol-ume and concentrated more on profit, was the first year in a demajor groups.

Take, for example, GM's recent unwillingness to accept continuing losses in Western
Europe because of the erosion

Figure attracts between the major groups.

Carbon deciden.

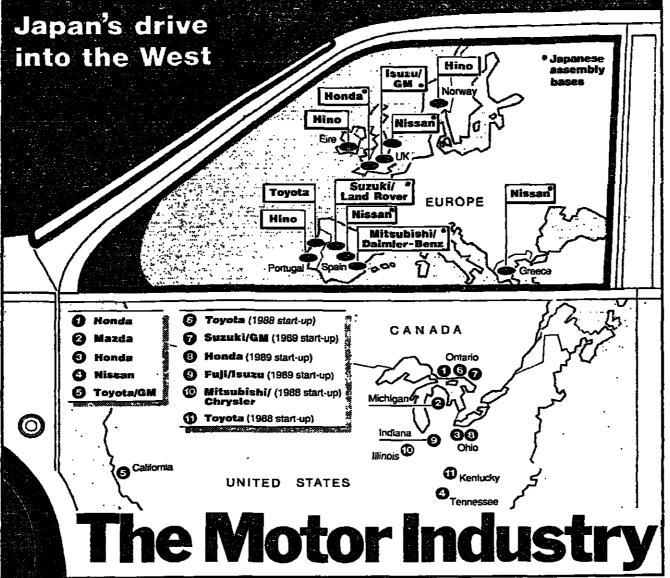
Carbon deciden.

Carbon deciden.

The US will certainly not be by Nissan and Lexus by Toyota.

But if GM's Oldsmobile, Buick and Cadillac divisions recover forts to improve efficiency by production in the States has lost ground there will be less

Take, for example, GM's recate the the volume of exports will decorate a perpetual that the volume of exports will d



price warfare which ensued.

They had to fight back, using similar aggressive marketing tactics to maintain a viable leverage was profits by exporting the price warfare which earn vast profits by exporting the price was profits by exporting the price warfare which is a similar aggressive marketing the price was profits by exporting the price was pri

an era where they were able to earn vast profits by exporting more than Im cars a year to the US and at the same time take advantage of a greatly-undervalued Japanese currency.

Not only is the Yen now more fairly valued compared with the dollar, but the Japanese face a time of falling exports. Production from their factories "transplanted" to the States will build up at a fast pace from now on. In 1984 the Japanese (in fact Honda alone) assembled 130,000 cars in the US. The total will rise to 1.85m in 1990 and 2m the following year as a spate of factory "transplants" come into production.

The US will certainly not be

and huge losses were common-place during those years and North American factories but the volume car producers in Eu-rope as a group did not generate pend to some extent on demand enough earnings to cover their in the US.

Price-cutting, low margins Japanese intend to export some

#### CONTENTS

The UK: International strains France: sales boost for big groups

The US: Under pressure from Japan's factories West Germany: Unexpected rise

Japan: battle turns to the home market; global production through

Italy: Upsurge then a squeeze Spain: Buying spree and traffic

Eastern Europe: new model set

to export 70,000 cars a year from the States by 1991, of which 50,000 will go to Japan and the rest to unspecified markets. There is little doubt that Europe will be the target for the surplus 20,000 that Honda has been deliberately conservative about when talking of the num-

bers involved. Honda also says it alms to increase the US content of its cars from 60 per cent at present to 75 per cent. So the vehicles would be American, not Japanese, and easily avoid the protectionist measures which have held back the advance of Japanese car imports to many of Europe's main

The Europeans are unlikely to put up obstacles to North American cars because the US is the most important export market for many of them, not only because of the volumes involved but also because of the high value of the vehicles ex-

ported.
The European makers have been struggling to reach some sort of consensus about how they can retain their existing protection against the Japanese as the European Community moves towards harmonisation in the acrit 100%. The present in the early 1990s. The present measures differ enormously

rationalisation against the been about 8m a year - but the record European car demand, helped - and continues to do so this year.

The Japanese producers also have a great deal riding on GMs. If GM's domestic market than currently share come to the end of an era where they were able to earn vast profits by exporting more than 1m cars a year to the US and at the same time take advantage of a greatly-under-valued Japanese currency.

Not only is the Yen now more fairly valued compared with the dollar, but the Japanese face at the profits without shutting plants.

To compensate for the Japanese in the up-market car sector. There will also be adverse implications for the European industry are severated before long. The important difference become assembly plants than currently and record levels wild plant the same time take up-market car sector. There will also be adverse implications to face the decline in world car demand from the current record levels widely can expected before long. The important difference become assembly plants than currently and thus give up capacity in the US competitors to face the decline in world car demand from the current record levels widely up assert the same expected before long. The important difference become assembly plants than currently and the unrent record levels widely up assert the same special up as the states of the sector for the sector for the sector for the sector. There will also be adverse implications to face the decline in world car demand from the current record levels widely up as expected before long. The important difference become reasonable are such that the states. The excess capacity in the US competitors to face the decline in world car demand from the current record levels widely up as expected before long. The important difference become assembly plants than currently such the were the two regions is that, whereas six major producers with a

pared with just over 2 per cent last year.

The Europeans might have set the Europeans might have set the target too low if their pur-pose was to create a perpetual barrier against Japanese im-ports to Europe. Even a trickle

Brazil: makers upset at state Talwan: lacing the peril of imports

How they drive: Stuart Marshall's mpressions of the new models

Prestige takeovers: joint benefits for large and small companies Labour relations: still more management changes needed Pollution controls: Brussels deadlock loosens

innovation: intelligent car on the way
Production technology: assembly linesthal need no workers

would quickly push the import while enabling the Japanese producers to maintain their vice-like grip on car distribution in their domestic market. Apart from the difficulty of judging GM's ability to recover.

it is almost impossible to pre-dict the future shape of the motor industry because it is in such a fluid state. In the past year or so, for example, both Seat of Spain and and Alfa Romeo of Italy have moved from state ownership to the private sector - bought by

Volkswagen and Fiat respec-But undoubtedly the most important change to the industry structure has been the formation of a new joint-venture company in Argentina and Brazil to take over the production operations of Ford and Volk-swagen in those countries.

The joint venture enables both VW and Ford to stay in Latin America but limit their losses until the time in the distant future when Brazil, in particular, might at last fulfill its promise to become a major car

The prospect of two such well-matched companies as VW, in volume terms West Germany's largest automotive group, and Ford getting together for further joint ventures has caused considerable unease

among their rivals.

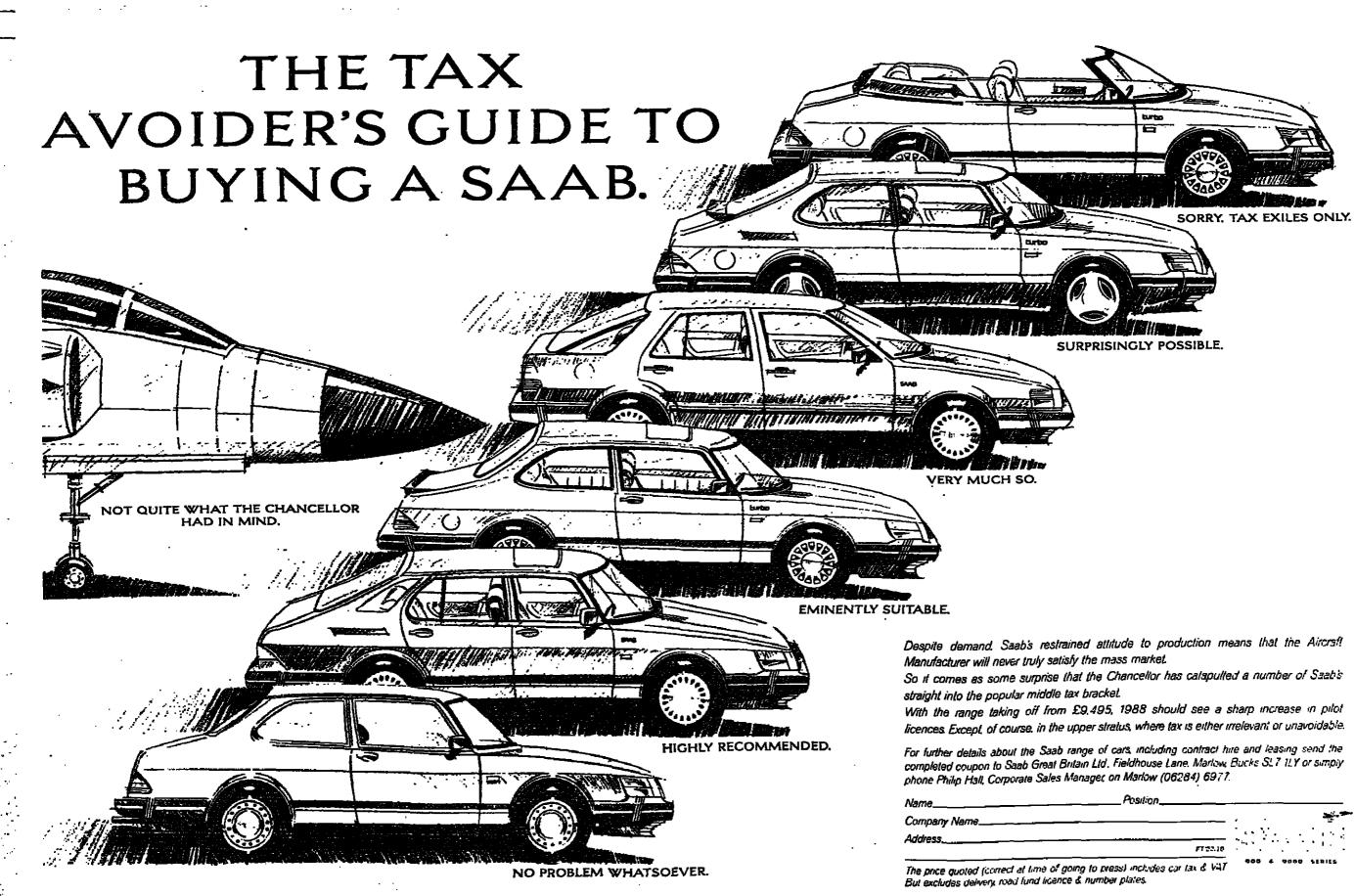
The new strategic alliances have already brought together some strange bedfellows: Fuji and Isuzu in the US, Ford and Nissan in Australia, Daimler-Benz and Mitsubishi in Europe,

Benz and Mitsubishi in Europe, for example.

They have been brought about by a new pragmatism which is permeating the motor industry. Mr Carl Hahn, Volkswagen's chairman, summed up the industry's approach when he said: I believe that peripheral alliances - governed not by nationality, but combining capital and opportunity in rational ways and for strategic considerations - will serve all of us best.

Strategic alliances - with varying partners depending on the problem to be solved, whether product or regional

whether product or regional are already a fact and a continuing necessity benefiting all world players (in the motor in-





THE MERCEDES-BENZ T SERIES: 200T, 230TE, 300TE and 250TI

# Mercedes-Benz prove it once again. An estate doesn't have to be ugly and boring.

You may choose a Mercedes-Benz estate for practical reasons but you'll soon come to think of it as an inspired choice. No other estate car is so admired. Then again, no other estate car is engineered like a Mercedes-Benz.

The T-series didn't start life as a saloon car stretched to accommodate extra loads. It started life as an estate car, purpose designed. And functional though it is, it's one of the most elegant cars in production today.

Clean-cut, sleek looks add significantly to its slipperiness, evidenced by a drag coefficient of just 0.34. An impressive figure when you consider the priority Mercedes-Benz put on the practical nature of an estate car. Other innovative technical achievements are equally significant.

Under the bonnet of the 300TE lies a powerful engine featuring microprocessor controlled ignition and electro/mechanical fuel injection. The single overhead cam, straight six delivers 188 bhp from its 3 litres and the four-speed automatic box has both sport and economy settings.

The performance, as a result of all this meticulous technical nurturing, is remarkable. Without any undue stress, to either engine or driver, the 300TE can gracefully exceed 130 mph. Should you wish to pass 60 mph in the shortest possible time it will take less than 9 seconds (manufacturer's figures).

The much sought after 200T and 230TE share the same aerodynamic good looks but have very efficient 2 litre and 2.3 litre, four cylinder engines, respectively. The 250TD has an even more economical 2.5 litre, five cylinder, diesel engine. To prove the point, official figures for the 250TD, 5-speed manual are 29.7 mpg in the simulated urban cycle, 48.7 mpg at a constant 56 mph and 36.2 mpg at a constant 75 mph. Yet the diesel is capable of over 100 mph (manufacturer's figure).

As you'd expect from a Mercedes-Benz the roadholding is very sure-footed. On all T-series the multi-link rear suspension system incorporates a self-levelling device, so irrespective of the load carried and the road surface, they retain their composure.

The wide-opening tailgate glides up and down on two gas-filled struts. It even has its own electric motor to pull it firmly shut. The exceptional load space has a flat floor, is clear of any obstructions and can be progressively enlarged to accommodate bigger loads.

Not only is there plenty of room for unusually long and awkward shapes but plenty of ways to fit them in. The rear seat can be divided and the front passenger seat folds back to give five different load space combinations.

Besides loads of room there are loads of seats. An optional, rear-facing, retractable row of seats suitable for two children, increases to seven the number of people a T-series can carry in comfort.

"Performance Car," who recently tested a 300TE against its two main competitors, called it "Superbly engineered and executed with a degree of attention to detail that neither of the others can match."

All this adds up to the T-series being not just a practical car but a desirable object, to boot.



Engineered like no other car in the world.

## International strains dampen optimism

But there is no denying the feeling of buoyancy widespread in the industry. That springs mainly from the way in which demand has defied gravity. New car registrations reached a record 1.88m last year and under normal circumstances should have fallen back slightly in 1987.

He Ford and GM car plants in Germany and their satellites in Belgium very expensive.

Consequently, Ford expects to produce 72 per cent of the cars it will sell in the UK this year in Britain compared with 64 per cent last year and only 55 normal circumstances should have fallen back slightly in 1987.

have fallen back slightly in 1887.

Instead registrations are likely to reach new peaks, perhaps 1.95m, according to forecasts by both the Economist Intelligence Unit and the Society of Motor Manufacturers and Traders.

Sales have been stimulated by the re-election of Mrs Thatcher's government, relatively low interest rates and the strongly rising incomes of those in work.

The record sales have also been accompanied by a drop in increased the UK content of total sales from 44.4 per cent to 56.2 per cent and hopes to push that to more than 60 per cent this year.

Mr John Bagshaw, Vauxhall's charman, says that every pfennig the D-mark rises against the pound costs his company £1m in lost revenue and the currency problem is mainly responsible for Vauxhall's massive £61.7m loss for 1986.

This year Vauxhall has concentrated on cutting losses rather than holding on to market

OPTIMISM ABOUNDS in the UK motor industry today. Car in 1985. By the end of Septembers are almost certain to reach record levels for the second successive year.

Price-cutting has abated.

Profitability is improving or losses being reduced. Car production is rising strongly and the UK motor industry balance-of-payments deficit has stopped getting worse the first time this has happened since 1981.

Examine the elements more them from their British factories rather than import them from

Examine the elements more closely, however, and the picture as not as rosy as it might seem at first sight.

In particular, many of the vital decisions which will have a profound influence on the UK industry in the future will be taken increasingly outside Britain - in the headquarters of Ford and General Motors in the US and Nissan and Honda in Japan.

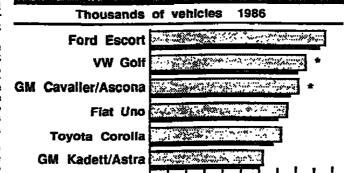
But there is no denying the UK from their British factories rather than import them from the Continent.

Both companies have been under pressure for some time from the UK Government to make this switch and for the past 18 months it has made economic good sense as well. The steep rise in the value of the West German D-mark against the pound - about 25 per cent in 1986 - has made imports from the Continent.

been accompanied by a drop in the importers' share of the market for the first time since the 1950s.

Last year imports accounted for 56 per cent of total registra-

World car production by model Thousands of vehicles 1986



200 400 600 800 1000 VW Golf includes Caribe in Mexico while GM Cavalier includes Opel Ascona in Europe, Monza in Brazil and Camira in Australia.GM Kadett includes Vauxhall Astra

until well into 1986. cost of German and Japanese
While this has contributed car imports - between them
greatly to the improved financial health of the UK industry, it
about 20 per cent of total UK cial health of the UK industry, it also means that customers are paying much more for their cars this year than in 1986. Prices have been going up much faster than the rate of inflation, particularly for German and Japanese cars - the Japanese have also had to cope with a strong increase in the value of their currency against the pound.

car sales - will put further strain on Britain's trade bal-

his year than in 1986. Prices tave been going up much faster than the rate of inflation, particularly for German and Japanese cars - the Japanese have take some advantage of the slaso had to cope with a strong fall in the pound, the trade definition to the results of their currency against the pound.

The major increases in the

to reach a record £3.9bn.

Cars alone accounted or £2.88bn of the overall deficit.

There was slightly better news in the first quarter this year when the deficit fell from £9.79m to £369m but the Society 2979m to 2869m but the Society of Motor Manufacturers and

Production exceeded 1m last year and so far in 1987 has been running at the rate of 1.2m. Mr Sam Toy, former Ford of Britain chairman and immediate past president of the Society of Motor Manufacturers and Traders, reckons an annual output of 1.5m cars is "on the horizon."

He would also expect that total to include 300,000 cars for export compared with 201,400

Mr Toy bases his forecast on

year when the deficit fell from £979m to £869m but the Society of Motor Manufacturers and Traders, which compiles the statistics from Customs and Excise figures, says it is too early to judge if the steady decline in the automotive trade balance since 1981 has levelled off or been reversed.

Vauxhall's aim is to increase UK assembly from 220,000 to 300,000. Nissan, a newcomer to car production in Britain, is gradually building up production to reach 100,000 cars a year by 1991 at its Washington, Tyne and Wear, factory.

What can be said with certainty, however, is that the decline in car production in the UK, which took output down from 1.9m in 1972 to under 888,000 in 1982, has been emphatically re-

There could also be spectacular growth from some small companies such as Lotus, Aston Martin Lagonda and Panther who all want to increase output ally to a few thousand.

If the potential is added up. an extra 378,000 cars a year will be produced by the early 1990s on top of the 1.018m which rolled off UK assembly lines in

However, some important as-sumptions were built into those contract Austin Rover has with

World car production 🐉 By manufacturer - 1986 **General Motors** Ford Toyota ٧W Flat Renault Nissan Peugeot Honda Chrysler Millions of units Source: Motor Vehicle Manufacturers Association, France

share and can export at least 50,000 cars a year; Vauxhali's depends on the success of its programme to reduce costs by 25 per cent over the next three years and there being no signifi-cant shift in the D-mark/pound relationship, and so on.

The main question mark over UK production is provided by Austin Rover, which makes more cars in Britain than any they are approximately any last war any other company. Last year Austin Rover produced 410,000 cars and hopes to do a little better this year with the help of an improved export performance.

Output will be underpinned

But Austin Rover's new chairfoolish enough to make forccasts about things as fundamen-tal as production when his company's performance in its home market can so easily be affected by political debate about its fu-ture.

That debate is likely to flare again in the middle of 1988 when Mr Day presents his proposals for returning the parent Rover group - which also includes the Land Rover company - to the private sector.

Mr Day is well aware that in his bands he has the fate of the last substantial UK-owned car maker. The future of the UK motor industry as well as that of Rover rests on his deliberations

#### **France**

## Sales boost recovery by big groups

THE FRENCH car industry has rebounded into good health again during the last 12 months. New car sales have been buoyed by tax cuts and strong cargin of change in the French car industry has been the Government's decision to end Resistrations for the year will exceed the 2m mark.

The countries in preparation for the advent of the European unified market in 1992. But perhaps the most dramatic sign of change in the French car industry has been the Government's decision to end Resistrations for the european unified market in 1992.

The countries in preparation for the european unified market in 1992.

But perhaps the most dramatic sign of change in the French car industry has been the Government's decision to end Resistrations for the European unified market in 1992.

ceed the 2m mark. tional region. This has protected the country's two major car the company up to now from The country's two major car the company up to now from producers, the private Peugeot. bankruptcy since a regie is a Citroen group and state-owned state-owned corporation which Renault, have also staged is not subject to the ordinary strong recoveries. Peugeot, af constraints of company law. In ter years of heavy losses and practice, it has enabled Renault restructuring, reported higher to count on a blank cheque from than expected profits of the state to cover its past losses.

The recovery of the country's two big car groups reflects their intense and radical efforts to restructure operations around their core European car businesses. The restructurings have involved extensive lay-offs and asset shedding as well as industrial rationalisations.

Recovery of the country's sheet currently showing Firshin negative net worth. This will involve a major recapitalisation of the state group with an injection of state funds totalling about FFr10bn on top of the FFr10.9bn the company has received from the Government in capital endowment grants since 1983. The proposed

Renault, for example, finally grants since 1963. The proposed decided this year to abandon its controlling stake in AMC to Chrysler.

But the recovery has also been spearheaded by a range of successful models which have sustained demand both on the domestic market and abroad. The Peugeot group continues to reap the fruits of the success of the Peugeot 205 supermini models and the Citroen BX. But the extensions of its Peugeot and Citroen ranges with the new Peugeot 405 and the small Citroen AX have also helped sustain sales.

At Renault, the R-21 has

end have continued to contribute to the state group's recovery.

Moreover, the domestic marks the state group is converted into an ordinary state enterprise.

Peugeot's strong opposition to the Renault plan has presented the Government with a big discovery of the state group is converted into an ordinary state enterprise.

Moreover, the domestic market was recently given a major boost following the French government's decision to reduce value Added Tax on cars and motorcycles from one of the highest levels in the European Community of 32.3 per cent to 28 wing administration in an electron of the walcomed VAT

expected to exceed 2m new registrations this year from 1.9m is status as a national rege in last year and 1.77m the year before. Indeed, the French car industry expects the VAT cut to boost sales by up to 10 per cent over earlier estimates, or about 60.000 additional cars.

The French car industrial time as appeasing Mr Calvet's and Peugeot's worries.

The manner in which it handless this sensitive and highly-controversial issue constitutes.

sales. The move has also been seen as a first step towards aligning France's VAT on cars with the rate in other European

than expected profits of the state to cover its past losses fFF3.6bn last year and is expected by several financial analysts to see profits surge to about FFr6bn this year.

Renault, which has accumulated FFr27bn of losses during lated FFr27bn of losses during the last three years, is also now operating again in the black and is expected to report net income of FFr1bn or more this year, although the company continues to be burdened by a huge debt totalling more than FFr50m.

The recovery of the country's two big car groups reflects their negative net worth.

trial rationalisations.

Renault, for example, finally decided this year to abandon its costly and disample for the costly and disample for th

At Renault, the R-21 has proved a success in the medium-sized car range while the R-25 at the top end of the range and the Super 5 at the lower and have continued to contribute the state group is converted into an ordinary state enterprise.

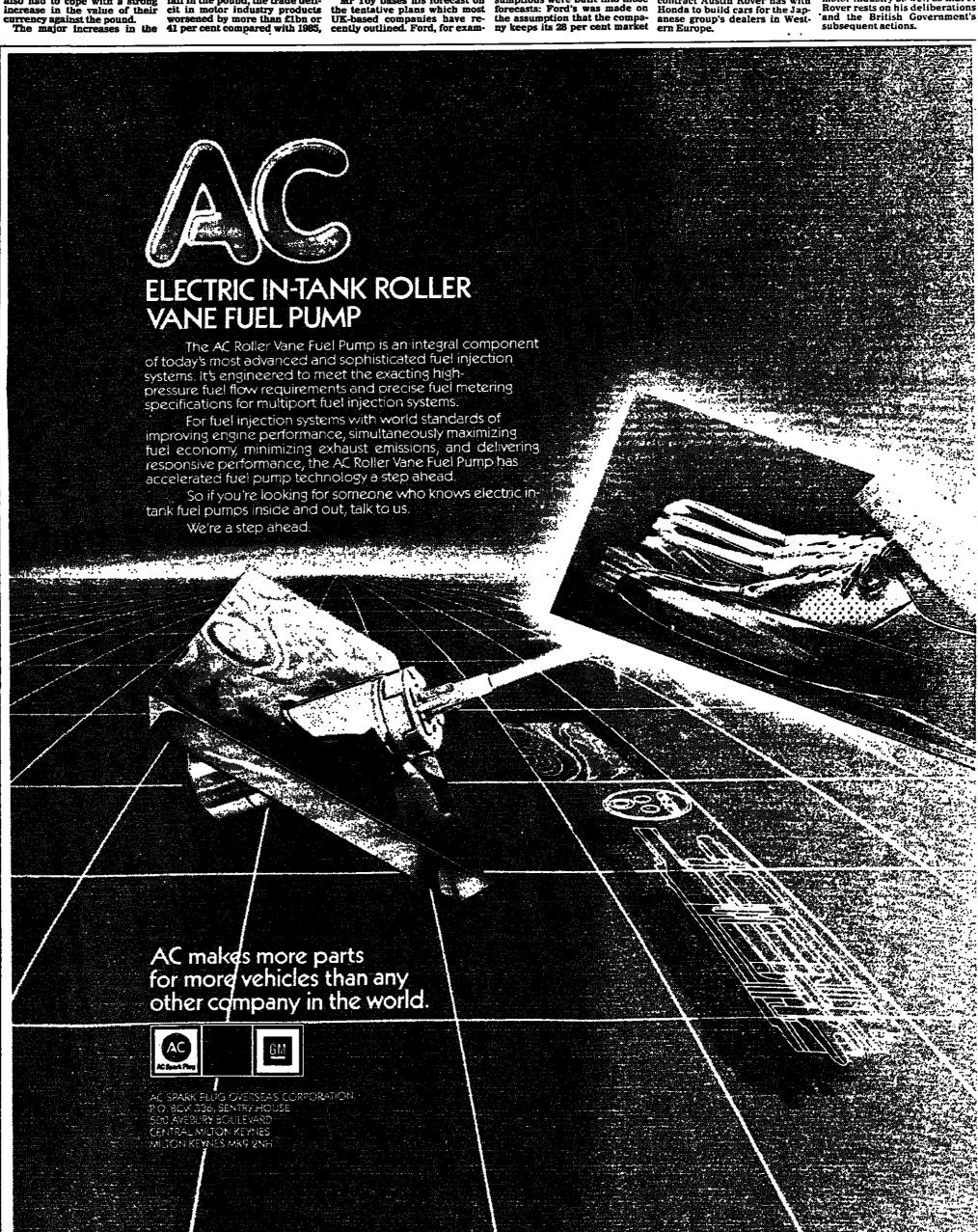
Community of 32.3.per cent to 28
per cent. The welcomed VAT
cut led to a 4 per cent decline in
domestic car prices.

With the recent VAT tax cut,
the French car market is now
the state group to change able the state group to change its status as a national regie in

60,000 additional cars.

The French car industry had

one of the biggest industrial one of the b campaigned for years against policy challenges to date for the the high VAT rate, claiming that it badly handicapped domestic sales. The mayor has also have the property of t tensive repercussions for the France's car industry as a



	GM 18 of Units (market skare)	Ford	Chrysler	AMC	<b>VIEA</b> .	Honda	Meter	Toyota	Total
1980	4.1 (63.79)	1.3(20.51)	638,974 (10.02)	184,728 (2.59)	197,106 (3.09)		-		6.4 (10¥.D)
1981	3.9(62.46)	1.3 (21.12)	749,648 (11.99)	109,319 (1.75)	167,755 (2.68)		-		6.3 (100.0)
1932	3.2 (62.55)	1.1 (21.76)	600,502 (11.84)	109,746 (2.16)	84,246 (1,86)	1,500 (0.03)	_	_	5.1 (100.0)
1983	4.0 (58 64)	1.5 (22.78)	903.553 (13.33)	201,993 (2.98)	98,207 (1.45)	55,337 (0.82)	_	_	6.8 (100.0)
1984	4.3 (55 89)	1.8 (22.84)	1,247,825 (16.06)	192,196 (2.47)	74,785 (0.96)	138,572 (1.78)			78 (100.0)
1935	4,9 (59.70)	1.6(13.99)	1,266,067 (15.46)	111,138 (1.36)	96,459 (1.18)	145,337 (1.78)	43,810 (0.53)		8.2(100.0)
1986	4.3 (55.13)	1.7 (22.53)	1,297,661 (16.58)	49,435 (0.63)	84,397 (1.08)	238,159 (3.04)	65,147 (0.83)	14,246 (0.18)	78 (100.0)
1518 ptes.	24(51.17)	1.2 (25.60)	728,641 (15.25)	_	43,548 (0.91)	218,518 (4.57)	91,157 (1.91)	28,327 (0.59)	4.8 (100.0)

#### The US

## Pressure from Japan

er continue to buy cars at the of as a short-term expedient to near-record rates which have clear the dealers' lots in a hurry

been sustained for more than in preparation for a new year's three years? How will the room models. The record sales in be found, in a market where demand is likely to remain at best stable, for the millions of immibal the desired effect.

The question the motor in grant cars which will soon be pouring out of new Japanese-owned factories sited in the

Needless to say, the questions are closely interconnected, and neither of them seems to have a reassuring answer from the US industry's point of view.

Motors, Ford and Chrysler-con-tinue to suffer from lacklustre in other words, the past year's stockmarket ratings in the level of sales may prove diffi-midst of the biggest bull market cult to maintain in future if the on Wall Street since the Second car manufacturers want to gen-World War; why Ford has erate the kind of profits their clinched a very moderate pay shareholders expect. deal with the United Auto The sales figures for calendar Workers despite reporting prof-its unequalled the history of US nine months of the year, as the industry; and why it is far too effectiveness of the incentives early to cheer the falling dollar as if it were the US cavalry, arriving in the nick of time to res-cue America's most important In September alone, despite inmanufacturing industry from the ruthless encirclement of the

Consider first the straightforward numbers. In the 1987 modl year - that is the 12 months to September 1987 - total car and truck sales in the US market amounted to 15.4m units: 10.5m cars and 4.9m trucks, including the fast-growing category of pas-

only four per cent down on the record 16m sales achieved for 1986 models and almost it.

However, profite and 1987. 1986 models and almost identical to the previous record of of consumers to go on buying 15.6m of the year before. In other words, the US car market has ous and long-term problem remained remarkably buoyant within the next three years despite the marked slowdown some 2m additional cars annu-1985 models started selling

TWO FATEFUL questions confront the US motor industry as it enters the 1988 model year, which began on October 1:

How long can the US consumof the likely market, were to eat into the present 70 per cent market share of three US-based manufacturers, the future will The question, therefore, in the motor industry's colourful vernacular, is whether the "im-migrants" and "transplants" will simply end up "cannibalising" the imports now coming in from

in the US.

If most of those 2m new cars,

amounting to nearly 20 per cent

be bleak indeed for the Ameri-

What the optimists seem to ignore, however, is that the de-cline in Japanese import sales

so far has been more a reflec-tion of the weakening of the

whole car market than of the importers' competitive prob-lems. On the whole, the Japa-nese losses have been smaller

than those of the domestic man-

ufactorers. Thus, while it is true that Toy-

ota, Honda and Nissan between them lost 12 per cent of their imports in the first nine months of this year, the US industry's

enthusiasts should not forget that GM, Ford and Chrysler suf-

fered an 18 per cent drop in their domestically-built car

The big gainers who captured these sales were not just the transplant factories of the big

three Japanese manufacturers. Just as important were the less-er Japanese the importers, such as Mitsubishi and Isuzu, and, most of all, the phenomenally-

successful Korean Hyundai, which doubled its sales to 205,000 cars in the first nine months of 1987. With the dollar

was 12 months ago - and the Jap-anese motor industry recover-ing its composure after the cur-rency shock of 1985-86, it would seem rash for the US manufac-

seem rash for the US manuac-turers to bank on one kind of Japanese product "cannibalis-ing another. The biggest battles between

the Japanese and American mo-

tor industries may be yet to

come - and most of the skir-mishes so far point to further

US retreats. Anatole Kaletsky

In the past year, however, financing incentives and rebates have turned into a permanent and endemic feature of the US Japan.
Some analysts see encouraging signs in the big price increases posted by the Japanese importers to compensate themselves for the falling dollar. Detroit has taken considerable comfort from the possibility that largely as a result of higher prices, the Japanese will fail to meet their voluntary export quots of 23m cars in the year to April 1988.

Yet the evidence from GM and This is why all three of the US managed to build the cost of in-motor manufacturers - General centives into their retail price

> sales were down eight per cent centives about as generous as those a year earlier, demand was down no less than 25 per

Despite this abrupt recent drop - and the continuing rise in market interest rates - forecastnies still expect to see total sales in calendar 1988 of 15m to 15.2m units. But if those targets senger vans and sports-utility are to be hit, it may be at the cost of considerably lower prof-

However, profits are threat-ened not only by the reluctance ally will be pouring out of a dozen Japanese-owned assembly lines in the US and Canada.

A major reason for the contin-uing strength of sales has been the unprecedented use of finan-cial incentives to lure custom-ers into the showrooms.

This compares with the sam, cars currently imported into the US and the 7.3m produced do-mestically, including about 500,000 now built by Honda,

Strength of demand has surprised West German makers, says Andrew Fisher

## Unexpected surge in registrations

sales of new cars, most execu-tives in West Germany's car industry were prepared to settle for a more subdued home mar-ket in 1987.

Instead, they have been taken 1981 aback by the strength of de-mand. New registrations in Germany have kept rising this year, 1982 with a near 3 per cent gain in the first eight months to 1.95m cars. This rate is far short of the 19 per cent advance to 2.8m in the whole of 1986, but then that was an unusual year with a 1984 scramble in the last few months to qualify for tax breaks on 1985 models with catalytic convert-

The wheel of private con- 1986 "The wheel of private consumption is still spinning," says a gratified Mr Horst Herke, chairman of Opel, the German subsidiary of General Motors of the US. "As long as inflation does not take its toll, I think it will keep spinning and not come to a dramatic halt."

Inflation is creeping up again, but remains negligible, certain-ly by the standards of most othor the standards of most oun-er countries. And private con-sumption, sourced by last year's tax cuts and the favourable im-pact on the cost of living of low oil prices and reduced import prices through the high D-mark, is a main prop of the economy. Still, the boom has to end some time. Most forecasters expect the European market to tail off next year, though de-mand is likely to remain fairly buoyant. Marketing Systems, an Essen-based consultancy firm, reckons that German registrations will slip by some 3 per cent in 1988 to 2.75m units, with a drop in the total EEC market of 2 per cent from 11.03m to

10.8m.
The market now is stronger than expected, says Mr Carl Hahn, chairman of Volkswagen, about the European scene. While a slowdown might be ex-pected after several years of improving sales, "there is no indi-cation that this will be the case." While ready to concede that cial Some 60 per cent of their the good times will not last for output is sold abroad, the leadever, he is not prepared to pre-dict that the market will be- Britain, France and Italy. De-

tor Show is any guide, Germans the eight-month stage this year, are more fascinated by cars they were 4 per cent lower at than ever. More than 1m visitors 1.63m units.

The strength of the German the city's clogged streets ironi-industry lies in its ability to pro-

W.German car industry Production Exports Imports 20 Source: W.German Automobile Industry Association DM billion



cally demonstrating the consequences of the cult of the autoobile. There are 28m cars in Germany, 20 per cent more than

While the domestic market is important for German carmakers, the export market is crucome worse next year, pointing spite the strength of the D-mark, out that people seem to turn in foreign sales have held up reatheir old cars earlier these days sonably well. Last year, they as new and attractive, high-technology models come on to the market.

If September's Frankfurt Moper cars, though the value was up by the market.

duce cars which are not only at-tractive and reliable, but also offer the latest in technology. For the up-market companies like Daimler-Benz, BMW and he, this is an obvious part of their models' foreign appeal. It enables them to enhance their product mix by concentrating on their more expensive and better-equipped cars to try to offset currency disadvan-

tages.
All three companies have raised their prices by about 30 per cent in the US since 1985, says Mr Stephen Reitman, European Motor Industry analyst with the UK stockbrokers Phillips and Drew. This compares
with less than 20 per cent for
the Japanese. In a weak North
American market, the luxury
sector has suffered far less than
half of all imports. tions and no exchange rate problems of the magnitude that they have with the dollar," Mr Goeudevert says.

Japanese manufacturers are interested in exporting to Ger-

many, with no import restric-

Like its rivals at the volume end of the market, Opel and VW. Ford has put more emphasis on higher-priced models to improve profitability while also bringing in cheaper, so-called feater level; gars from Spain.

rentry level, cars from Spain, where costs are lower.

In Ford's case, the cheap car is the Fiesta. VW makes Polos in Spain, where it recently bought SEAT, which also has its own small models. Opel brings with the control of the cost in the nippy Corsa, made by GM

Espana.
These cars are important to the German companies, which want to attract and keep buyers in the small to the more costly end of the market. But the need to have them made in Spain is an indication that German la-bour costs are posing a severe problem. After the latest rise in the D-mark, they are the highest in the world

Hence the constant efforts to keep costs in check. After the steady rise in employment, with the industry last year adding 30,000 jobs for a total of 731,000, companies are now moving in the other direction.

VW. employing more than 132,000 in Germany, aims to shed at least 5,000 workers over the next year. Opel hopes for a further cut of more than 2,000 out of its 55,000-strong work-

All German companies are investing heavily, both in new models and to improve efficiency. BMW opened a gleaming new DM Ibn plant in Bavaria this summer. Innovation is the life-blood of the German motor inducts became the training to the companies. industry, beset not only by com-petition from the Japanese but also from lower-cost and in-creasingly productive Europe-

Fortunately, says Mr Achim Diekmann, general manager of the German motor industry association (VDA). The up-scale part of the market has shown the greatest growth so far. Mod-els like VW's Golf, which can be bought with a whole range of options, or the Mercedes 190. options, or the Mercedes 190, the most financially-accessible of the Daimler range, have proved highly popular at home and abroad. My impression is that the potential in the particular bracket that the German industrial of the particular procession is the potential of the particular procession in the part dustry specialises in is grow-ing," Mr Diekmann says.

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#### Europe's best selling passenger cars 1986 Austria Belgium Denmark Eire Finland France Germany UK Europe %TIV 26,237 22,615 8,428 7,949 3.439 44,625 371,382 5.917 1.692 4,150 10,660 20.568 35,773 679,290 3.193 44,235 47,949 433,694 6,028 23,692 236,120 34,426 4,979 39,108 89,245 24,892 5,456 17,233 6,837 23,436 8,897 12,335 4,007 26,673 5,146 16,686 9,785 3,429 6,296 11,383 2,221 11,518 8,455 31,099 626,134 15,689 99,127 581,257 GM/Opel Kadett 2,905 1,477 6,159 26,731 30,994 8,133 156,895 432,756 962 27,55 . 3,818 51,618 49,492 44,178 1,014 521 712 2,414 2,958 1,064 13,878 2,027 205,860 1,231 3,225 1,199 2,054 11,779 9,204 49,687 2,378 17,374 9.490 55,255 130,758 817 1,237 16,741 11,987 8,148 10,968 205 R5 5,214 4,125 2,149 55,714 9,113 39,198 464,322 5,833 28,570 455,849 2,073 3,363 4.02 20 226,142 1,273 42,952 827 2,987 7,880 76,491 91,468 30,409 19,492 2,286 203 3,829 1,431 6.541 143,712 354,592 3.07 3,305 29,604 6,952 5,676 78,608 16,147 10.638 9.641 8,521 113,861 310,860 2.69 3,209 8,021 9,608 6,993 681 122,728 10.143 30.888 10,511 358 9074 85,886 5,763 16.085 303,315 2.63 Ascona 6.459 4,136 11,842 5,173 9,133 113,475 280,519

World	Vehicle.	Productio	n ja jar	
		1985		
	Total	Passenger Cars	Commercial Vehicles	Total
1. General Motors - U.S.A.	9,077,049	7,090,664	1,986,385	8,070,647
2. Ford Motor - U.S.A	5,450,528	3,813,031	1,637,495	5,348,908
3. Toyota – Japan	3,718,522	2,619,599	1,098,923	3,482,727
4. Nissan—Japan		2,005,020	803,065	2,727,568
5. Yolkswagen – West Germany		2,126,996	258,353	2,135,346
6. Chrysler-U.S.A		1,305,100	631,483	1,884,882
7. Renault - France		1,607,609	271,445	1,982,871
8. Peugeot-Citroen-France		1,545,762	273,054	1,747,740
9. Uaz-U.S.S.R		785,000	875,000	1,653,000
10. Fiat-Italy		1,230,383	278,603	1,485,986
11. Honda—Japan	1,265,648	1,101,747	163,901	1,127,608
12 Mazda—Japan		815,074	378,618	1,133,321
13. Mitsubishi – Jepan		570,865	581,912	1,095,156
14. Suzuki – Japan 15. Dalmier-Benz – West Germany,		236,198	545,703	689,871
<del></del>	741,138	537,909	203,229	667,116
16. Isuzu – Japan,	. 587,015	213,052	373,963	432,257
17. Fuji - Japan	584,384	259,673	324,711	549,415
18. Dalhatsu—Japan	578,937	161,559	417,378	566,076
20. Volvo—Sweden	577,060 456,959	465,104 407,096	111,956 49,863	470,565 436,978
21. B.M.W West Germany	431,085	431,085		412,447
22. American Motors — U.S.A.,	357,512	121,235	236,277	391,408
23. Seat-Spain	320,015	304,753	15,262	278,855
24. Polski - Poland	259,245	259,245	_	260,012
25. Hyundel - South Koree	240,755	225,970	14,785	140,871
26. Skodě – Czechoslovakia	226,342	175,000	51,342	225,775
27. Moskvitch-U.S.S.R.	200,000	200,000	_	205,000
28. Zastava - Yugoslavia	166,618	156,661	9,957	183,602
29. Alfa Romeo - Italy	160,563	157,625	2,938	203,071
30. Z.A.Z. Zaporojetz U.S.S.R	150,000	150,000		150,600
31. Seab-Scanla-Sweden	142,662	111,813	30,849	130,453
32. Trabent - East Germany	141,795	114,000	27,795	140,000
33. Q.A.Z. Volga – U.S.S.R.	127,000	127,000	_	125,000
34. Jaciang-China	85,003	_	85,003	78,416
35. Kla-Korea	84,931		84,931	75,004
36. Navistar-U.S.A.	84,294		84,294	84,340
37. Warthurg - East Germany	84,000	62,000	22,000	80,000
38. Acolus-China	83,431	· —	83,431	70,173
39. Hino—Japan	69,063	_	69,063	60,844
40. Porsche - Hest Germany	54,458	54,458		44,017
Total 40 Manufacturers	43,631,253	31,548,286	12.082.967	41,027,324
Others	1,148,271	684,942	463,329	1,030,382
Total Production	44,779,524	32,233,228	12,546,296	42,057,686
SUMMARY OF WORLD PRODUCTION				
North American Companies	16,905,964	12,330,030	4,575,934	15,780,183
Japanese Companies	12,740,024	7,982,787	4,757,237	11,864,843
Western European Companies	10,045,060	8.549.508	1,495,552	9,582,998
Eastern European Companies	2,798,593	1,811,448	987,145	2,802,290
Source: Compiled by the Motor Vehicle Manufacturers Adecor	eltoriof the U.S., Inc. Ir	rom reports of verfots ov	aragina motor volvide esso	deligns.



For Germany's volume pro-

ducers, all making sizeable profits, the impact of the strong

D-mark in hampering exports and promoting imports is far more serious. 'As far as we know, says Mr Daniel Goeudev-

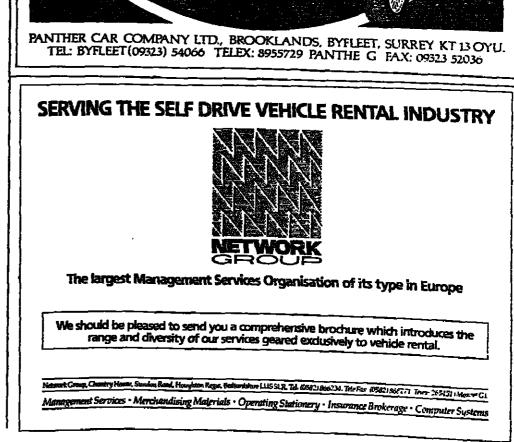
ert, chairman of Ford-Werke, part of Ford Motor of the US,

part of Ford Motor of the US, The D-mark is not going to weaken against foreign currencies, including the dollar, for the next few years. So this will not especially help exports."

Also, "there is the threat of Japanese imports into the German market." The sharp rise in the yen against the US currency has made Japan turn its eyes more closely to Europe, where it already has about 15 ner cent

it siready has about 15 per cent

of the German market, or nearly





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There's a new feeling of confidence in Coventry and Peugeot is a part of it. It's a confidence that's growing and it's one we're happy to invest in.

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#### **MOTOR INDUSTRY 6**

Japan's exports have been hit hard by the continuing strength of the yen

## **Battle turns to the home market**

TOYOTA, Japan's largest car-vehicles with engine capacities maker, announced this month of up to 550 cc. that it was sending 300 head office staff out on secondment to marketing opportunities to its dealers in Tokyo. It was a those companies which are able sign of how much importance to respond fastest to often Toyota - and its Japanese com- short-lived changes in demand, petitors - now attaches to the especially among young drivers. home market. Foreign companies, helped by

strength of the yeu, forcing com-panies back into redoubling larly in sales of luxury cars. their efforts in Japan.

in the past year. Consumer ers. spending is growing strongly.

Of the two larger manufacturspending is growing strongly. Of the two larger manufacturessenger 'vehicle sales are ets, Nissan in particular has likely to be 3 to 3.5 per cent been under great pressure. Toy-higher in 1927 than last year. In ota may have a sales problem in the first eight months of the Year, sales were 3.4 per cent up where Honda is particularly on 1936, at 1.92m vehicles including minicars.

tember revealed a 22 per cent staff as Toyota did but 4,000. Mo-fall in consoliclated net profits tor industry analysts say that for the year to June, while Nis-the polarisation of the market san's result for the year to has hit Nissan hard because its

March was 28 pc r cent down model r Both these companies have middle. huge resources but increased domestic completition could domestic commetition could nesses. Nissan has started a have serious effects on other programme of rejuvenating its manufacturers and their supplimodel ranges - this summer ers. Mr Geoffrey Wilkinson, launching a new version of its Tokyo motor industry analyst at
Salomon Brothers, the US investment broker, says: "In the benefited from the surge in the long term there cannot be room 1980s of sales of sub-550cc vehiin this country for nine car man-ufacturers." cles, which are often bought as second cars, sometimes by wom-

The smallest of these, Isuzu, en drivers. Sales of these last last year produced 555, 000 passenger and commercial vehicles more than in 1985. against Toyota's 3.£13m

fabled appetite for technical new models without running in-features continues to give the to a hopelessly unequal contest manufacturers opportunities to with the larger makers.

launch new or revamped modThere are no signs yet that

pan, even though most of these ficient pressure to have started vehicles will hardly ever leave consolidating a tarmac road. Computerised Traditionally, many componavigation equipment is one of nent manufacturers have been the next innovations on manu- exclusive suppliers of one or facturers' lists.

Moreover, the Japanese mar-ket is continuing to polarise - Denson, a company in Toyota's with sales growing most strong-ly for luxury cars on the one supplier. Mr Wilkinson of Salo-hand and on the other for minimon Brothers believes other

This is opening up successive

After years of expansion, Japperessure from their governances vehicle exports have ments for Japan to open up its been hit hard by the continuing consumer markets, have seen unprecedented growth, particu-

heir efforts in Japan. Honds, the number three car Fortunately, they have some maker, is the outstanding examsupport from the Government's ple of a group which has suc-efforts to stimulate the economy cessfully attracted young buy-

on 1906, at 1,622m vehicles including minic ars

However, at they adjust to a
decline in export sales, the
leading companies are having
to publish some embarrassing up its sales network across the
financial results. Toyota in Sepcountry - sending out not 300
towher results a 22 per cent

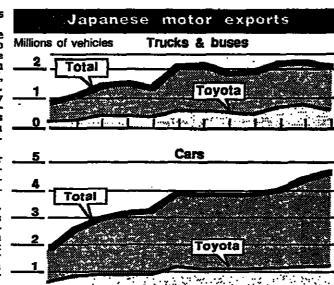
model range is strongest in the Acknowledging its weak-

But there are signs that mini-However, the outlook for the vehicle sales are growing more industry is not altogether slowly this year. The difficulty gloomy. The Japanese market's for the manufacturers is to find

The latest marketing success could soon go out out of busis four-wheel-drive which is fitness. However, some of their ted to one in ten new cars in Ja-suppliers have been under suf-

other of the major manufactur-

Garages



similar deals could follow Nissan says that more drastic neasures - such as the closure measures - such as the closure of a big assembly plant - are out of the question in Japan. Ford cut its workforce from 180,000 to 104,000. We could not do that

Source: JAMA

ere," the company says. Nevertheless, if the industry is being squeezed when the do-mestic market is relatively buoyant what will happen if there is a downturn? Toyota recently calculated that a 10 per cent fall in national domestic production would mean the loss of 420,000 jobs in the industry. It was the realisation of the limits of domestic growth that drove Japanese producers to export in the first place. Now that governments in the US and Western Europe have imposed quotas which have virtually

are much harder to achieve. Overseas production has been the most direct way around the barriers, proving increasingly attractive as the strength of the yen has pushed up relative pro-duction costs at home.

halted growth in exports, over-seas sales and profits growth

In this respect Honda has stolen a march on its rivals. The company is next year starting to build its second North Ameri-can factory while Toyota is still walting for the first to be completed. Nissan's plant in Smyr-

nual production of 240,000 vehicles only this year Honda intends to build

510,000 vehicles a year in the US by 1991 and to export 70,000 of them. Of course, wholly-owned offshore production centres are not the only way in which Japa-nese manufacturers are inter-nationalising their business. They are also cooperating with

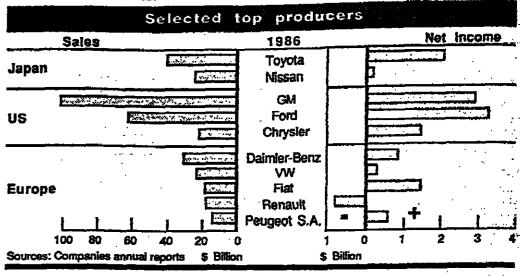
But there are limits to the degree of expansion which can be achieved in this way. In North America, for example, industry executives are concerned that the number of new plants currently under construction by Japanese markers could lead to over-capacity in the 1990s

For this reason, Ford last month asked Nissan to cut the planned size of their North American joint venture from 200, 000 to 100,000 vehicles a

As a result, leading Japanese makers are looking seriously at diversification. Toyota has a AS JAPAN'S vehicle manufac successful house-building sub-sidiary and has invested in telecommunications, taking a stake in IDC, the telecommunications But the contribution of non-

vehicle sales to the group as a whole remains negligible.

Below: the Mazda RX7 - the company wants to move production to the US by 1990. The need of the Big Five ith the high yen has put sture on them to source mble in an increa ible way. Allances with





Japanese plants abroad

## Global production on the way

Imports in Japan

turers run out of cost-cutting measures to fend off the highriding yen, a major rationalisa-tion of the country's far-flung production bases is looming.
With analysts forecasting that

the yen could still climb, to less than 120 to the dollar, plans for a global integration of overseas facilities are being accelerated. For Japan's Big Five producers this could result in a radical change in worldwide sourcing with small cars being built ex-clusively by affiliates in low-cost countries such as South Ko-

rea. Mexico and Taiwan. Japan would retain responsidium and speciality models -with a substantial inflow of parts from Japan - and the man-ufacture of large salcons/sport-ing models would shift to Japa-nese plants in the leading

market for these vehicles - the This scenario is rapidly gaining acceptance among Japan's producers as the in-built flexi-bility of sourcing from a worldonly of sourcing from a world-wide manufacturer base which would also offer a safeguard against the threat of fluctuating exchange rates becomes clear. The flow of parts woule be stepped up between production bases and full export pro-grammes initiated.

North American plant. The Hi-roshima-based producer is also looking at an exclusive reloca-tion of its production of RX7 sports models to the US by 1990. Even Mitsubishi, in the run up to production at its joint US facility with Chrysler, has disclosed that it is to study the fea-

closed that it is to stroy use rear-sibility of exporting cars to Japan.
A growing price disadvantage in the hotly-contested small car sector is underlined by Honda's recent decision to hait exports of Civic models to the US mar-ket. The range was being sub-stantially undercut by the rival Hyundai Excel from South Ko-

In a switch from confrontation to collaboration, Misubishi has now launched a new entry-level Precis range in the US. Prices have been held down by sourcing the model from its South Korean affiliate, Hydridai.

Mazda will be unveiling its baby 121 model. Built by Kia in South Korea, it is already on sale in the US badged as Ford's

planning to ship thin steel sheets to its Teiwan affiliate.

Thousands of vehicles Other European Total 1982 Source: TMC

expansion, there is speculation that this year, for the first time, Japan may fail to sell its 2.3m

Japan may ran to sen us 2.3m import quota in the US. Over the seven months to July this year's exports of knocked down car kits for assembly in North America rose by 22 per cent but shipments of built-up cars were

anipments of built-up cars were down 11 per cent to 1.2m.

Nissan expects to drop 20,000 sales in the 1988 model year and with the US market on the wane, Subaru of America has slipped into the red, heightening speculation about the viability of its plans for a joint venue with Isuzu

In Europe, Japan's global perspective retains more opportunistic overtones, with ad hoc

projects so far centring on light

Yue Loong will then stamp the sheets into body panels and send them back to Tokyo, with an estimated 10 per cent saving Ohio will increase production to 500,000 engines a year by 1991. Future plans could raise Honda's North American capacity to 800,000 vehicles. In contrast to this aggressive

Nissan also plans to use the body panels from Taiwan at its Mexican production plant. Attracted by labour rates pegged at only 5 per cent of US levels, big names such as Nippondense and NHK Spring have bases and full export pro-grammes initiated. already started export operations from Thailand, and Already, Honda has revealed plans for the export to Japan of plans to set up a major engine already started export operations from Thailand, and Japan is playing a key role in plans to set up a major engine manufacturing plant in the

3,000 US-built Accord Coupe models next year. Shipments will be built up to 70,000 vehicles by 1990 of which 50,000 will go to Japan. Some of the balance is expected to reach Entrope.

From summer 1988 Mazda is to begin importing Ford cars to Japan after assembly at Mazda's law operating links with Volkswagen and Ford has extended value of the producers over the last decade.

Both Toyota and Nissan now have operating links with Volkswagen and Ford has extended value of the producers over the last decade. swagen and Ford has extended its monogamous relationship with Mazda to include new alliances with Nissan in both Cana da and Australia.

Nissan's production outside Japan currently totals 325,000 vehicles a year - 12.5 per cent of its annual output. By the early 1990s it is planned to raise this

Toyota is preparing to manufacture 500,000 vehicles overseas by 1990. This would represent 14 per cent of its output

last year.

The main thrust of this overseas investment is still heading for the overcrowded US market where, by the end of the decade, Japan could have 20 per cent of its production capacity. With the addition of imported models, this would boost Japan's share of the US car market from 23 to 33 per cent. 23 to 38 per cent.

Toyotz has already broken the 1m car/truck sales parrier in

dai.

At the same time, Isuzu is the Im car/truck sales barrier in a sourcing cut-price Trooper in the US. Now both Honda and sourcing cut-price Trooper in the US. Now both Honda and sourcing cut-price Trooper in Soals.

Weighing up the potential for a the US as cheaply as in Japan culated that cars can be built in the US as cheaply as in Japan conce the \$500 transport costs for the US as cheaply as in Japan conce the \$500 transport costs for the unveiling its announcements of additional haby 121 model. Built by Kia in US-build capacity of more than \$500th Korea. it is already on \$200.000 vehicles. 200,000 vehicles

Honda's recent announce-ment of plans to increase its US Festiva.

As well as fustering vehicle build arrangements with affiliates in South Korea, Japan's tions to become the number one tions to be tions

controlled markets. Compared with capacity for 22m vehicles in the US by 1980, in Europe plans already laid provide for annual production of no more than 350,000 Japanese cars by the end of the decade, though this figure includes only models for distribution in Europe under Japanese badges.

A positive outcome to current investigations into European production by companies such as Topota, Diabets, and Subara could add a further 200,000 units to this figure, raising the total to a potential of almost 600,000 by 1990.

Af current import levels, this

At current import levels, this would increase Japan's penetration of Europe's car market from 11 to 16 per cent.

rans in an attempt to penetrate

In the UK Nissan has brought forward it s expansion programme. Planned output of Bluebird models has been raised by 20 per cent to 29,000

units this year. Engine production gets under way in 1988 and phase two output of 100,000 cars per year has been moved forward to 1990, with the final stage shifting

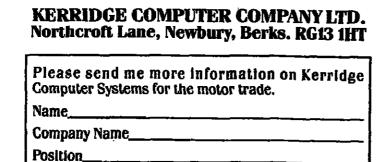
annual output to 240,000 cars. Honda expects to receive some 7,000 Legends from the Rover Group's Cowley line in 1967 - 5,000 will be exported to

Europe. Rover is also to build 5,000 Ballade models for the UK With exports to the rest of Europe this could increase to 10,000 units per year and when

no,000 units per year and when the ARB mid-range car comes into production, the volume of cars assembled by Rover for Ronda's European network is expected to climb to 40,000 units.

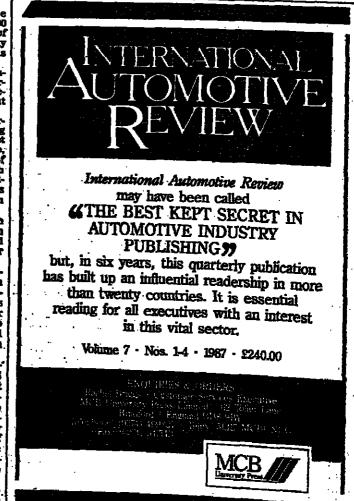
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#### **MOTOR INDUSTRY 7**

Spain

## Home buying spree

1977, creating the traffic jams of a decade ago. They then dwin-dled down to a low of 435,000 in

1981. Since then the domestic market has grown stoadily and, lately, dramatically.

In the first half of this year 332,780 yearless were sold. The figure represents a 40 per cent rise on the first quester of last year and compares with the 1986 total of 538,650 Spanish-built cars sold in the domestic

market. The strength of the Spanish er market can be equal-

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consumer market can be equally ganged by the rush to buy imported cars. Imports rose 91 per cent last year and imported cars increased their share of the Spanish market by five points from 13 per to 18 per cent.

For years European manufacturers had looked longingly at the potential of the Spanish market 35 per cent of Spanish cars are more than ten years old against, for example, 16.3 per cent in France. And they had complained about the enception.

Ford managed to raise its share of the Spanish market from 13 to 15 per cent and posted pre-tax profits of Pts 28.5bn, a rise of 105 per cent on 1985, on sales of Pts 248.5bn. In common with other materials. common with other manufacturers Ford shifted its emphasis to the domestic market. The US

VETERANN 2500 city residents in Spain say that the traffic jame in say. Mackident Sparelina are imported cars that had easily about the yarding property personal in spain say that the traffic jame imported cars that had easily personal in spain says the precipina are instantially personal to personal spain says the precipina set in the personal says the precipina set in 1996.

In addition, pissing picture in the personal says the precipina set in says the precipina set in product in both 1996 and says the personal says the precipina set in both 1996 and says the precipina set in the says that the precipinal set in the says that the says

the European and wern anno industry.
What Volkswagen did when it took on the awasome task of breathing new life into Seat was to seize on Spain as the ideal location for basing its small and medium car production. This was and remains a risk venture because it was taking on a long.

the domestic market. The US
company's exports from Spain
dropped from 194,000 units in
1965 to 168,000 last year.
Meanwhile, the French manufacturers based in Spain posted
profits in 1966 after years in the
red, as a refinancing and
streamliming programme negofinited with the Government began to make its mark. Citroen
intried a Ptaloom loss in 1965
intro a P

Car industry in leading countries

1977 1982 1983 1984 1985 19861)

30,906 27,252 30,236 30,971 32,736 33,343 2,158 824 824 1,058 1,091 1,088 2,194 2,169 2,233 2,588 1,785 1,748 1,696 1,934 257 278 306 439 3,761 3,678 3,790 4,167 949 1,93 of which; to Europe to U.S.A. 1,303 .466 3,791 Production 1,907 582 1,821 1,330 3,092 2,058 982 1,484 1,085 2,777 1,758 1,766 898 978 1,530 1,539 1,066 1,159 2,713 2,632 imports Exports of which: to Europe 1,614 1,100 2,961 **Ресфила** 1,557 934 313 140 868 1,794 1,076 274 111 475 183 imports Exports of which: to Europe Production 512 1,440 241 173 218 158 Imports
Exports
of which; to Europe
Production 233 103 274 116 105 495 813 708 762 765 928 1,142 1,177 1,230 1,282 Production 1,260 1,307 1,315 1,327 1,332 1,360 41 35 2,959 3,770 37 4,427 1,086 2,216 7,647 3,806 1,037 1,772 1,037 1,939 7,073 861 1,375 896 1,741 6,882 Production

10,118 10,896 4,880 5,300 591 695 7,773 8,185 8,924 3,667 538 6,781 New car registrations 10,826 7,754 3,067 353 5,074 moorts Exports 533 152

0 159

italy

## Squeeze hits upsurge

WHAT LOOKED certain to be remarkable year in Italy's passenger car market was abruptly clouded in early September by a good old-fashioned govern-ment squeeze on domestic con-

In an attempt to prevent the balance of payments toppling into the red and to damp down consumer expanditure, the Gov-ernment piled a hefly four percentage points on the existing 18 per cent VAT rate on cars. The subsequent indignation in Turin, home of the nation's premier motor company, Fiat, was understandable, even

though the new rate would ap-ply only until the end of the

year.
But there was still more to come. In its 1988 budget proposal later in the month, the Government proposed a permanent one percentage point addition to the 18 per cent rate, and higher road and car insurance

higher road and car insurance taxes.

Of course, none of this will temper the Italians' love of the motor car, but it may curtail the indulgence of their passion - though not, perhaps, by a huge margin. Record sales in 1965, 1966 (1.83m) and in the first eight months of this year reflect a substantial growth in purchasing power thanks to average pay rises which, in 1967, have run four to five percentage points above prevailing inflation.

Rising prosperity is reflected not only in the still-rising demand for the three best-selling motoring "staples" - the Fiat Uno, the Fiat Panda and the Volkswagen Golf - but also the steady expansion of the market for luxury and high-performance cars.

mance cars. Demand for vehicles priced at

about 1.23m (\$17,500) and up-wards has risen from 90,000 in 1985 to 125,000 last year. All the signs are that this sector is still growing at a faster pace than the overall market which by the end of August reached 1.4m cars - 9.5 per cent higher than in the same period last year.

Moreover, strong consumer interest in luxury cars was guarinterest in furtury cars was giar-anteed by the fanfare surround-ing the launch at the end of Sep-tember of the Alfa 164. Although, conceived, designed and developed under the old management, Fist immediately focused on the new car as soon as it assumed control of Alfa Romeo at the beginning of the west.



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Alfa 164: racior attemative to the Thems

ma which, since its launch in 1985, has triumphantly domi-nated the domestic luxury car market the domestic fuxury car market along with its close cousin, also sharing the same floor pan, the Fiat Croma. Each car has taken just over 29 per cent of their sector of the

cannot be exaggerated. It took 24 per cent of all sales in 1984 with its Alfa 90 whose appeal has subsequently slipped so badly that it is now struggling to hold 5 per cent. Giuseppe Tramontana, managing director of Alfa Lancia is expecting a 12

montana, managing director of taller Lancia, is expecting a 12 per cent increase in turnover this year to about L3,000bn and, thanks to Lancia's contribution, the subsidiary should break even this year.

But Alfa Romeo there with the subsidiary should break even this year.

But Alfa Romeo there with the subsidiary should break even this year.

tinuing to lose money and its deficit this year is thought like-ly to be about 1300bn.

Looking at the Italian market as a whole, it is apparent that domestic manufacturers, principally Fiat with its Alfa-Lancia subsidiary, have had to give some ground to imports in the first eight months.

Fiat and Lancia's sales have frist and Lancia's sales have focused on the new car as soon as it assumed control of Alfa while Alfa Romeo has registered a tiny 0.6 per cent advance to 82,625. Add in Innocenti (-5.6 per cent) Maserati (+8 per cent) and cause the car too closely resemtiately better the car too closely resemtiately better the car too closely resemtiately and ferrari (+30.6 per cent) and the Italians' share of their do-

bled the Lancia Thema in price and appearance. After some connectic changes, the 164 has appeared as a higher priced, somewhat racier-looking altersomewhat racier-looking afternative to the Thema, with which
it shares the same floor pan.
Fiat executives appear confident that the new Alfa will not
cut sales of the best-selling Thema which, since its launch in
1865, has triumphantly dominated the demand launch and launch an cent advance by Volkswagen, to reach a total of 101,990. The French interest has been better maintained by Peugeot-Talbot whose sales are up 21.2 per cent to 55,560.

Italian market in the first half of the year, mainly at the expense of BMW whose share has fallen from 29.5 per cent in 1984 to just 13 per cent.

The importance of the 164 to the Alfa's fortunes in this sector cannot be exaggrated by took the company now holds the top share, 15.3 per cent in Western Engroupe following its taken year of the property of the exaggrated by took the top share, 15.3 per cent in Western Engroupe following its taken year of the property of the pro Europe following its takeover of Alfa Romeo and has managed to raise its share in a number of

cent of its production is sold abroad, of which 35 per cent is in Western Europe, where Alfa registrations have risen by almost a fifth this year, according

to the company.

Having resumed sales into the American market in the last couple of years, about 7,100 cars have so far been delivered this year, 7.5 per cent higher than in the same period last year but still well short of the urgent target of 20,000. Fiat's market plan aims for total US sales of 60,000 by 1990.

John Wyles

## Before we built the Ibiza. we assembled the best in Europe.

To satisfy the demands of any customer, you must first find out what they want. So, long before we put pen to drawing board, we at SEAT asked the demanding public what they would look for in the perfect small car. They didn't ask for much.

It would have to be a car with style, panache and elegant good looks. It would have to be a car that was safe, comfortable and offered a smooth, quiet ride.

It would have to be a car that would perform superbly and reliably. be easy to maintain and economical to run.

To put it in a nutshell, they wanted the very best, of everything. Without doubt it was a tall order. And, in spite of our own size and experience (we've sold over 5 million cars through 2,500 dealers in 29 countries) we knew that we wouldn't find everything on our own doorstep. Indeed. in our pursuit of excellence we were to travel the length and

breadth of Europe. We went to Italy, where we worked with the highly acclaimed designer Giorgio Giugiaro, whose past masterpieces include the Maserati Bora, the Lotus Esprit and the original Volkswagen Colf.

We went to Cermany, to Karmann the renowned coach builders who helped us develop our bodyshell, safety cage and basic construction.

And our search for outstanding performance and reliability took us a little further up the autobahn, to Weissach near Stuttgart.

There we worked with Cermany's top engineers who designed refined and put their name to a completely new System Porsche engine

Finally, our quest for the finest manufacturing skills and quality control brought us back home. We already had them.

In effect we'd recruited the best talents in Europe and welded them together to produce the SEAT Ibiza. It had been a long and costly business, but if you are to produce the best you will need the best.

We were prepared to go to any lengths to get it. As we did with the Ibiza, so we shall do with all our cars in the future. For the first time our theory of bringing the best technologies in Europe together, to bring you the best, has been put into practice.

And you know what practice makes.



SEAT IBIZA. TECHNOLOGY WITHOUT FRONTIERS.

## Facing the peril of imports

TAIWAN'S motor industry, tied almost entirely to domestic con-sumption because of quality, costing, and marketing limita-tions, is taking drastic steps to ease those limitations in the face of a small home market and almost-certain increasing competition from imports.

The Government for years has protected the industry, which now consists of six local and foreign-invested assemblers, through import bans and excessive duties which at one time exceeded 100 per cent. However, the protection afforded the assemblers little incentive eigenstates ther for improving the quality of the cars they produced or for lowering prices, which in some cases were double those of similar models in Japan and else-

All that has changed, though, with the promulgation of a government timetable running through 1992 that will drop the tariffs on imports from their current level of 55 per cent to 30 per cent, and at the same time lower the requirement for local parts content from 70 to 50 per

Imports from Europe and the US are already beginning to make a significant dent in the local market. One manufacturer estimates, for instance, that imports this year - from such man-ufacturers as Daimler-Benz of West Germany, Fiat of Italy, Volvo of Sweden, SEAT of Spain, and several American companies - already account for as much as 20 per cent of do-

Taiwan's Industrial Develop ment Bureau is only slightly more conservative, placing the import share at 15 to 18 per cent, With duties due to drop by five per cent a year through 1992, manufacturers figure that imports will become more competitive in this market, and that they will have to redouble their efforts just to stay in place

Exports apparently do not figexports apparently to not rigure prominently in the industry's plans for getting ahead, or even standing still, although one company has already begun todabble in an overseas market. Ford Liu Ho, the local affiliate of Ford (Australia), in October of last year began trial ship-ments of its CT-18 Mercury Tracer to Canada at the rate of

1,000 vehicles a month. But Ford officials a year later are not claiming immediate success. They say only that more market exposure will be needed before they can gauge

Similarly, the Feeling sedan, launched with enormous fanfare last year by Yue Loong, which has a technical cooperation agreement with Nissan Motors of Japan and which developed the Feeling in-house, shows few signs at present of export potential, despite earli-

Sales in Ta	iwan			
(Jan-Aug 1987)				
Care	Sales	% Market share		
Ford	24,255	19.3		
Senyang (Honda)	21,894	17.5		
Yue Loong (Nissan)	34,118	27.2		
Seniu (Renault)	7,167	5.7		
China Motors (Mitsubishi)	. 901	0.7		
Yue Tyan (Peugeot/Dalkatsu)	14,130	11.3		
Imports	22,924	18.3		
TOTAL:	125,389	100		
Light trucks:				
Ford	7,524	15.3		
Mazda	810	1.6		
Yue Loong	16,723	34.0		
China Motors (Mitsuhishi)	17,267	<b>35.2</b>		
San Fu (Subaru)	4,508	9.2		
Yoe Tyan (Daihatsu)	2,290	4.7		
TOTAL	49,122	100		



car's quality probably does not yet meet international stanand that its price, bolstered by a 25 per cent appreci-ation of the Taiwan currency against the US dollar over the past 20 months, is simply not competitive abroad.

Various reports have specu-lated that Japanese carmakers, wary of protectionist sentiment in major markets, have begun in major markets, have begun considering Taiwan as a less-expensive manufacturing base speculation in Chinese-lanfor its automotive exports and its own markets. From Taiwan, some pundits theorise, makers are planning to dominate the lomarket in favour of larger, might avoid possible export cal industry through sharehold-sanctions aimed at Japan, and at the same time divert some of and, increasingly, in component the same time divert some of and, increasingly, in component market in favour of larger, high-end cars where the prices-are much better.

er company announcements to the contrary.

Company officials say that the maker Kno Zui Motors. Initial output is to start in 1988. Subaru, a subsidiary of Fuji

Industries, also improved its profile in October by agreeing with local Taiwan Vespa to a US\$40m joint venture to produce the Subaru one litre en-gined Justy sedan. Within three years, production is ex-pected to reach 60,000 units annually. The enhanced Japanese presence in Taiwan's automo-

export potential, despite earli- facturing plant whose stress to have backfired with the sub-

wan currency. Such reports and speculation

whether or not they reflect real-ity, deviate from the real issue, wever. Taiwan's population of only 20m hardly represents the kind of market potential that might satisfactorily support eight carmakers, whose limited economy-of-scale is in turn hardly suited to pricing policies that might crack open overseas

According to the Government Taiwan's car and light-truck makers last year produced 174,465 vehicles out of total capacity of 270,500 - for a utilisa-tion ratio of only 64.5 per cent Makers optimistically project that demand this year has rise: that demand this year has risen by 30 to 40 per cent. But even if the highest projection is at-tained, capacity will still ex-ceed demand by 10 per cent. What will happen to the local assembly industry as duties on imports continue to inch downward and economic realities keep forcing up the prices of lo-cally-assembled vehicles would, at first glance, require little guesswork - especially giv-en the Taiwanese tendency to

favour anything foreign ove their own products. Rut local manufacturers are ting against the odds that by the time the price of imports roughly approximates that of home-grown vehicles they will have succeeded in bringing down their costs and increasing vice to the point that consumer: ere will prefer the local vari

ingly emphasising formerly-ne glected areas of the automotive ctor. Many manufacturers, for instance, are taking increased interest in building up their sat ellite suppliers' capabilities and quality-control; they are re-fining their cars to offer in-creased performance and better fuel mileage; and they have begun setting up their own af-ter-service facilities with factothan relying on the often slip-shod repair operations offered by their dealers.

The new game also involves a non-traditional approach to marketing. "Our strategy isn't the same as it was before," says



Eastern Europe

## **New model set for West**

chostovaria in it years, and the strused at a cost of more than signing of a contract by Fiat to \$100m for imported. Western produce a new mini car in Po- equipment. John Brown Autoland and co-operate in moder-mation is installing the assemnising Poland's FSM small car bly line for engines while a new plant, were rare highlights this production line for bodies is alyear since car manufacture in so being prepared.

Eastern Europe is changing at a Officials of Motokov, Skoda's rlacial pace

East Germany continues to duce 220,000 of the new model produce models designed in the by 1990 when the old one will be early 1960s while Romania is dropped. Longer range plans making no effort to replace its exist to double production to a ageing Dacia model, a deriva-more economical 400,000 tive of the old Renault 12.

But the unveiling of the long- A five-door version and an essawaited new Skoda at the Brno tate care are also to be proengineering fair last month was duced after 1990. At first the natural promotive event in Eastern new Skoda will be powered by a

an automotive event in Eastern new Skoda will be powered by a Europe. It mattered little that somewhat refined version of its the Bertone-styled car will first previous L3 litre engine with an become available elsewhere in aluminium alloy engine block Eastern Europe - albeit in mod- and aluminium cylinder head. est quantities - by 1989. The East But a decision is expected.

European car buyer is prepared shortly on whether to buy a litto wait.

The three-door Skoda hatchsant back, which resembles the Vw ern engines for the car. Golf and Fiat's Ritmo, is still a The serious delays encounprototype of which some 200 tered in producing the new Skovehicles are to be produced at a daunderscore the dilemma factural likely and the care of the serious delays encounprototype.

1989 will output shift entirely to a few years ago. Motokov offi-the new front-wheel drive mod- cials attribute this to the "im-

The long run-up period before achieving full production
of some 180,000 to 200,000 last month by Fiat to produce a
new Skodas a year means the new mint car at the FSM plantcompany will not be earning in southern Poland ended a the West of the new model until which pitted Fiat against Re-1989, about five years after the nault (which soon dropped out car was conceived. Develop- of the running, Daihatsu and

They include disc brakes and for modernisation of profit of the Wartburg and up to 10 years for modernisation of profit of the Wartburg and up to 10 years for the Wartburg and up to 10 years for the Wartburg and up to 10 years for the Trabani. Profuction of the Wartburg and up to 10 years for the Trabani. Profuction of the Wartburg and up to 10 years for the Trabani. Profuction of the Wartburg and up to 10 years for the Trabani. Profuction of the Wartburg and up to 10 years for the Wartburg an

THE INTRODUCTION of the The production line for the first new Skoda model in Cze- new Skoda has also been mod-choslovakia in Il years, and the emised at a cost of more than

clacial pace. exporter, say it is hoped to pro-East Germany continues to duce 220,000 of the new model

small Skoda plant this year for ing Eastern Europe's oldest car testing purposes. Series produc-producer. By 1989 when the Sko-tion is not scheduled to begin da finally enters Western mar-until next summer at the main kets its price will be considera-Skoda factory in Mlada Boleslav bly lower than if it hadgone on but will run parallel with the sale several years earlier.

existing rear-engine car.

The UK remains Skoda's leadNext year's batch of about ing foreign Western market

existing rear-engine car.

Next year's batch of about ing foreign Western market 70,000 new models will all be with a record 12,000 cars delivsold in Czechoslovakia in order ered last year. Sales plunged to to assure better quality control, 4,000 in Denmark though the manufacturer says. Only in where 7,500 cars were sold only 1889 will output shift entirely to a few years. el which has been named the proved economic situation Skoda Favorit. there which always hurts an

ment was delayed because Sko- Toyota. In the process the Pol-da had to buy new production is side extracted progressively lechnology plus licences for better terms for the new model many of the car's components. to replace the Polski Fiat 126

war days and the company's distribution network which effectively sold the 126p in the West. The agreement provides for Fiat and ather European companies to deliver machinery and agriculture the FEM and equipment for the FSM plant valued at \$470m in order to begin producing the new model in 1991. Output of the new mini car is expected to reach 160,000 units annually of which one third would be sold

by Fiat in western Europe. Poland's other car maker, 'SO, which makes mediumsized 125p høds an even larger contract which is being bid on by both Fiat and Daihatsu. In this case as well fierce competition between the two car firms has led to considerably improved terms for Poland. Both companies are offering their latest models tobe built under licence by FSO as a replace ent for the now obsolescent 125p which Flat ; icensed in the 1960s to both Poland and the So-

viet Union. Fiat and Daihatsu have offered generous credits and arrangements to market the FSO car in the West A consortioum of Daihatsu and three Japanese trading companies agreed last July to extend the Poles a loan of YlObn as part of a package to be signed later this year. But the Japanese Government (and Rome) are known to be wary of guaranteeing credits for the project until Warsaw paid the money it owes on rescheduled government loans.
Mr Giovanni Agneili, the pres-

ident of Fiat, predicted in War-saw at the signing of the FSM contract that the one with FSO was likely to go to Daihaisu. Fiat executives explained that a combination of superior financing and technology would probably clinch the deal for the Jap-

anese car maker.

In East Germanynothing has changed model wise since the early 1960s. The same tiny Traburgs are being produced now as then. Only waiting times have lengthened, up to 12 years for Lads Samara is being equipped the Wartburg and up to 10 years for the Trabant. Production of the Wartburgh Essenach is to plies of Soviet cars to Bulgaria.

VW engine produced under B-cence in East Germany. East Germany will manufacture nearly 400,000 of the engines annually, delivering 100,000 units to VW as repayment. The engine deal was imperative for East Germany because the two stroke engines powering the two car models are highly pol-luting and cannot be sold in Western Europe or in Yugosla-

The Sachsenring car compa The Sachsenring car chapany, which produces the Trabant also plans to boost output from the current M3,700 units to 175,000 in 1990. Putting sach figures into perspective it is interesting to note that what is now East Germany before the war produced one in three cars. manufactured in all of Ger-

Recently an East German woman wrote in to a radio phone-in programme to sair whether a husband's place on the waiting list for a new car could be inherited bythe wife. The answer was that it could as well as byan adult child who can 'prove be or she was the

Romania, the only officer exproducer in Eastern Europe, is still manufacturingthe Decis model based on the Renault 12 and exporting if to other Come-con countries. The more modern Olcit, a Citroen licensed car, is rarely seen outside Ro-mania but the rugged four wheel drive Avro had some success in the West.

Hungary does not produce cars but does make electrical components for the Soviet ear industry in return for Leda ears.
The Hungarians have also been negotiating with Moscow this past year on the possibility of setting up an assembly plant in. Hungary for the new Moskvitch

Bulgaria last year signed an agreement with the Soviet Union under which a signifiand starters and increase sup-plies of Soviet cars to Bulgaria are to depend on the supply of electrical components to the Soviet Union, a Soviet trade offi-

Losilo Colitz

#### WHAT'S NEW AT BO?

Plenty, Birmid Qualcast Foundries - largest independent foundry group in the UK - is actively expanding its technical resources to mould a sound and secure future for Britain's engineering



#### **NEW CAPITAL INVESTMENT**

A typical example of BQ enterprise is the recently talied automatic cylinder head processing line at Qualcast (Derby Foundries).

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## Brazil

## **Upset at state controls**

BRAZIL's motor industry, over the last 12 months, has once again proved itself to be an industrial Galliver - a potential giant rendered all but helpless by the countless strings of government regulation.

So frustrated have the major manufacturers become that this month. Autolating, the new cars gave secondhand models a 50 per

month, Autolatina, the new holding company that links Ford and Volkswagen, has re-sorted to the courts to make the Government stand by a protocol on pricing investment and ex-ports signed with the industry in April.

Under the deal, agreed with former Finance Minister Dilson Funaro, regular price rises would be conceded every 30 to 40 days to combat double digit monthly inflation. In return, the manufacturers undertook to invest \$1bn up to the end of 1989 to raise export sales to \$7.4bn, leaving a \$4.5bn surplus after the months of the repursional process. In addition, there have been strikes, lay-offs and lock-outs. At various times manufacturers the deliver at the fixed government prices to distributors while at others the latter have themselves refused to take delivery in protest at low margins.

Today, vehicle sales for the first nine months of the repursional process.

president, argues suit make a Foreign sales are ahead by 88 porting two thirds of a 4.5m unit annual output as soon as 1995.

Such a performance would let Brazil leapfrog all the Europe-an manufacturing countries to become the third-largest world producer after Japan and the US. Its feasibility is based on the country's domestic supplies of high grade iron ore, capable of supplying steel at \$280 a compared to more that \$400 in the US, and a relatively low cost, high-skilled labour

A year ago, for example, the domestic market was so over-heated by frozen prices that the unavailability of new cars gave secondhand models a 50 per cent premium over list prices. But when tax and price rises fed through at the heatening of the through at the beginning of the year Autolatina, General Mo-tors and Fiat at one time had more than 25,000 unsold vehi-cles in their lots, lacking both buyers and key compone

dustry. An OECD report estimates that the country could of an overvalued cruzado-dollar produce 2.8m vehicles a year by exchange rate, even this meagre the end of the century, while Mr achievement has been accomplished only through large in-Wolfgang Sauer, Autolatina's plished only through large in-president, argues still more op. creases in exports.

> per cent in volume at 264,760 units by the end of September -worth \$1.96bn and representing a 60 per cent rise in value terms. But the improvement abroad, fuelled by exports of arroad, menor by experts of VW's lower range Voyage and Parati models to the US, does little to disguise the fall off in total output which now has no chance of achieving last year's 1.05m units.

Manufacturers place their de-cline in performance firmly at force. the door of the Government.

But if the dream is not Utopian, it has proved totally unrealisable in Brazil's complex political and economic climate. In planning and investment.

experts say.

The Autolatina holding company - capitalised at some \$1.8bn and uniting 75,000 work-ers around capacity for 900,000 units - was also an opportunity to achieve economies of scale to achieve economies of scale hoth in shared component pro-duction and through combined use of costly research and de-velopment facilities. It also sought to exploit the growing commercial and diplomatic rap-prochement between Brazil and Argentina.

But its most visible achievement to date is to form a powerful lobby for manufacturers' in-terests in Brasilia.

leaving a \$4.5 bn surplus after imports.

Though ambitious, most independent analysts believe this kind of export growth is not implausible for the Brazilian industry. An OECD report estimates that the country could to use the company's muscle -earlier this month refusing to deliver to showrooms in protest

while in the longer term all the manufacturers would welcome a genuinely free market, their more immediate ambitions are simply to enforce the April protocol.

This month, for example, there was widespread anger at the Government's decision to give price rises of 10.8 per cent when analyses suggested that no less than 30 per cent was

Among other points, the in-dustry believes it is being used as a milch-cow for the depleted national treasury, while also now coming under intense pressure to provide hard-currency earnings from abroad without being allowed the domestic profitability at home that was

Though it was clear that moves were afoot before the price-freezing Cruzado plan of the manufacturers' association, Anfavea, pointed out in a recent statement: Brazilian cars are the chespest in the world at factory prices, but the most expensive when offered to the consumer.'

True or not, what is incontest-

True or not, what is incontestable is that the tax component in retail prices rose at one stage from about 28 per cent to near 75 per cent, before returning to some 50 per cent after industry pressure.

So far Mr Luiz Carlos Bresser Pereira, the Finance Minister, appears to be resisting de-mands to abide by the protocol signed by his predeccessor. His argument is that the document was merely a declaration of in-tent with no legal force.

But the real motive for government stubborness is thought more likely to be its need for revenues together with the po-litical and economic imperative of holding down the inflation in-Furthermore, the strictures mposed by Brazil's February

imposed by Brazil's February 20 moratorium on \$68bn in com-mercial bank loans make the maintenance of export sales growth a key objective for the balance of payments and re-serves.

As foreigners, the plight of the car companies appears less urgent to Brazilian politicians than local industries, despite their significant trickle-down influence on other influence on other sectors.

Somewhere, it is assumed, there must be a limit to how long the foreigners can be persuaded to sell cars at a loss.

But the personnal home that

But the perennial hope that the OECD's forecast could be achieved (plus the capital cost of closedown) has so far kept them hooked. For many, however, the old cynical joke - Brazil is a country of the future, and always will be - can be painfulty applied to the future. ly applied to their own industry.

Stuart Marshall drives some of the wide variety of new and updated models on offer

## **Emphasis on engine power and top speed**

A VISITOR FROM outer space could be forgiven for thinking that European motorists are al-lowed to drive as fast as they

creased engine outputs and still higher top speeds. Even some of the cheapest new cars - the Citroen AX, for example - are able to exceed 100mph (160kmh) without diffihatchback that cannot manage 120mph (193kph).

The only roads on which this performance can be exploited performance can be exploited legally are the West German autobulent and then only on the traffic-free stretches, which become harder and harder to find. One day the high-performance bubble must burst. But for the time being the 130mph-plus executive saloon and the 150mph-plus sports car are alive and selling well - and getting faster all the time.

ting faster all the time Of all the new cars launched this year, none is more impor-tant for the future destiny of its maker than the Alfa Romeo Type 164. This large front-wheel-driven sports saloon rep-resents Alfa's last chance to get into the profitable executive market with a vehicle that can stand close comparison with cars such as Mercedes and

It promises to do just that. Brief experience of the three litre V6 and the 24 litre turbo-diesel persuades me that the Type 164 is the best of the quar-tet of cars produced that shares some basic features and components. The others are the Saab 9000, Fiat Croma and Lancia

The Audi 90, with two litre or 2.2 litre five-cylinder engines and an option of quattro transmission with permanent four-wheel drive, is an outstanding package marred only by an inadequate boot.

With very low aerodynamic drag, the 90 quattro cruises eco-nomically on motorways and makes brisk driving on rain-slippery minor roads saferthan suppery minor roads saterman might have seemed possible a few years ago. Anti-lock (ABS) brakesare part of the rather costly package but the 90 typi-fies sensible high-technology motoring at its best.

its weight of 2.5 tonnes, its formance at a time when the in-standing start acceleration is fluence of the Greens isgrowing

13.42

....

better thanthat of all but a handful of super sports cars. The size, styling and interior appointment are those of a luxlike. In the past year the emphancy limousine and it handles sis in new cars has been on increditably, with a maximum creased engine outputs and still speed, achieved in relative signal. lence, of nearly 150mph. Though Rolls-Royce cars still

major on comfort, their han-dling and roadholding has re-100mph (160kmh) without diffi-culty, and there is hardly a hot line with European rather than hatchback that cannot manage American tastes BMW has been American lastes MW has been more active than most quality car makers this year with new models including the first V-12 to be made in Germany for half a century. The 750i saloon with its five litre, V-12 engine is arguably the best high-performing Juxury saloon in the world at the present time.

the present time.
At this rarified level comparisons are more odious than usual but I rate the V-12 BMW's ride comfort and silence in the Jagcomfort and silence in the Jag-uar class and superior to that of the Bentley R and Mercedes 560SEL, its closest domestic ri-val. Will BMW's decision physi-cally - or rather electronically-to limit the 750i's maximum speed to 155mph when it would doover 160mph unrestrained start a trend? start a trend? Citroen's AX is the least idio-

syncratic car of this marque since the Second World War and none the worse for it. Deand none the worse for it. De-signed by computers to be made cheaply by robots, the AX is a conventional-looking, cross-en-gined, front-wheel driven hatchback in the super-mini class, but roomier inside than its competitors. It rides well and its light weight makes it among the most economical of cars.

a time this year. It is a remark-able turn-round for a make that was once considered too eccen-uously-variab non-enthusiast drivers.

The appearance of the BMW 750i means that the Jaguar/Daimler monopoly of V-12 engines has been ended. The V-12 version of the new XJ-40 medical for the product of the prod motoring at its best.

Bentley, the sporty arm of Rolls-Royce, which is deliberately being distanced from its august parent while still making use of the same mechanical components, has an extraordinary car in the Turbo R. Despite er that selling this kind of perits weight of 25 tonnes, its formance at a time when the in-

DELCO ADVANCET SUSPENSIONS TAKE COMMAND







Top: the Citroen AX and, right, Askii Quattro; above left, the Rover 800, and right, Peugaot 405

may provoke an unwelcome re-

other Citroens of note introduced in the past model year include the BX19 GTi 16-valve, a four-door, 45 seater with family rolong its production life a little Only in Eastern Europe does hatchback performance. The BX19RD has dominated the UK diesel car market for months at a time this year. It is a remark-

much better.

The Uno Selecta with continuously-variable transmission (CVT) has been one of the more important introductions. Conceived by Van Doorne, of DAF cars, CVT has had a long gestation period but it works so well that it must extend two-pedal control to the broad base of the control to the broad base of the

The transmission is manufactured by Ford, which offers it in the Fiesta. It provides the con-venience and ease of control of a conventional torque converter plus self-changing gearbox automatic transmission with economy to match that of manual

Ford filled a significant gap in its range early this year byin-troducing a three-box version of its Sierra medium-size family car - and achieved instant success. Buyers expect small cars to have rear tailgates but in the medium to upper sizes, a boot is often preferred for reasons of appearance, security and ride quietness.

Having been the first highvolume maker to offer ABS anti-lock brakes as standard equipment on the Granada (Scorpio) range, Ford is now extending the safety advantages of anti-lock braking to its small-er cars. Four-wheel drive, cur-rently available on the Granada and Sierra, models raises the safetythreshold by making win-ter driving much simpler.

ter driving much simpler.

Lancia, too, has espoused four-wheel drive with no fewer than three different systems on offer. The little Y10 has selectable four-wheel drive which is adequate for users who need only to reach a ski chalet with-

out putting on tyre chains.

But the Prisma and Delta
have permanently-engaged systems, one with a viscous con-

pling as the centre differential

the other with a mechanical torque-sensing device. They are class rivals for the Audi quattro On snowy roads I found they performed withspirit and great safety. Full-time 4x4 transmis-

sion will soon be offered on the Lancia Thema.
Land Rover's massive Range

ment for the SL sports car this the senses. The British-assem-year, but the only significantly bled Bluebird range of saloons, new introduction from Stuttgart was the mid-sized coupe, based achieved a reliability record to new introduction from Stuttgart was the mid-sized coupe, based on the 200-300 range ofsaloons. Powered by 2.3 litre four cylinder, or three litre six-cylinderengines, the 230CE and 300CE are perhaps the most elegant cars to have thethree-pointed star on the radiator grille.

Mercedes has managed to squeeze a 2.6 litre six-cylinderengine into the 190 model, with great benefit to its top speed and flexibility and without detriment to its excellent handling roadholding to gratify drivers

bext year.

Porsche's all-wheel drive,

The current four-door saloonwill be supplemented by an estate car, and optional diesel engines will be available early

nated by Ford, Vauxhall and Austin Rover.

twin turbocharged, six-speed 959 model has more high technology than any other supercar. The 924S is now powered by Porsche's own 2.5 litre four-cylinder instead of the 2-litre engi-

nethat was bought in from Audi. Renault, too, has made its bid for a share of the very highper-formance market with a turbocharged and intercooled ver-sion of the high-volume 21 saloon It has ABS brakes and a high standard of equipment.

Surprisingly quiet and re-fined on the road, it is very fast-about 135 mph - and shows great reserves of handling and roadholding on the circuit. Renault sees it competing with such cars as the BMW M3 and Mercedes 190E 2.3-16 on both performance and price.

Rover Group's 800 series executive saloons have become ecutive saloons have necome well-established in Britain and are beginning to make their mark in mainland Europe, too. Powered by British made two litre, 16-valve engines or Japanese-made Honda 2.5 litre V-6 drather international exterior with the sober interior elegance at which Britain traditionally has excelled. A hatchback de-rivative appears at the Geneva Show next March.

Saab's 9000 is a good example of making an engine all things to all buyers. A four-cylinder two litre unit - it is Saab's only engine - powers each version of the 9000 with eight-valve or 16valve cylinder heads, plusturbothe more powerful versions.

Volkswagen is also involved with 16-vaive engines and its Syncro four-wheel drive system, first seen in the Transporter vehicles, is spreading into the cars. The system multiplies grip and transforms handling safety

Land Rover's massive Range
Rover is still the smartest offroad vehicle in which to be seen
driving in Paris and Rome as
well as Chelsea. The turbo-diesel engined version is a good
and reasonably economical motorway cruiser.

It has sold well on mainland
Europe though in Britain the fuel-injected VB with full luxury
specification appeals to buyers
who may never exploit its formidable off-road capability.

Mercedes-Benz had been exbert of mainly imported components but soon to be a British
manufacturer, has in the Bluebird a car to satisfy sensible depected to launch its replace
Rover is still the smartest offto please the purely business user, with handling and transforms handling safety
roadholding to gratify drivers
with sportier tastes.

The Peugent 405, already a
best seller in mainland Europe
slice its introduction in May, is
now being made in Britain and
reaches the UK market in
right-hand drive in January.
With a range of petrol enginesfor economy and performancewho may never exploit its formidable off-road capability.

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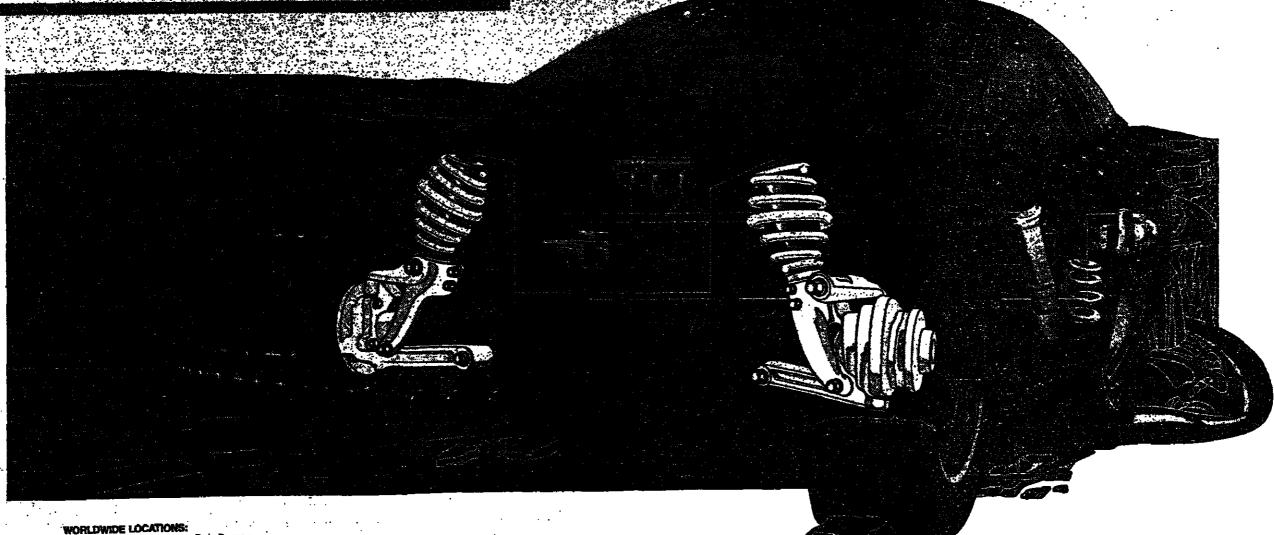
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computer Command Hide oners a complete rice system utilizing high-technology electronics custom designed for your vehicle.

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Prestige takeovers

## Finding joint benefits

why should the major Us groups be showing such a substantial appetite for Europe's smaller car companies? Why should be showned in the stantial appetite for Europe's Martin and AC.

Now Ford must make sure it cars. should small companies with a prestige name and image wish to be absorbed by the industry

The questions are particularly pertinent today because in the past year or so General Motors has acquired Lotus of the UK; Chrysler has bought Lam-borghini and the right to control serati, both based in Italy.

In the past few years other led their prestige subsidiaries mall but well-known automoto close to their volume operations and suffered finansmall but well-known automo-tive companies have been absorbed by non-American organ-isations. In Britain, the Vickers at took control of Ferrari.

Significantly, and certainly a sign of the times, the South Koreans have become involved and Ssanyong, Korea's seventh-largest industrial group, recent-ly took control of Panther in the

There are benefits for both sides in these deals. The major companies gain control of names to which great prestige and the right kind of image - be it up-market luxury or thoroughbred sporty - are attached.

It takes many years, even gen-erations, to build up a superior image and reputation in the modoubt about whether it is possible any more for one of the ma-jor producers to develop a new up-market marque, although its forw they have managed to do so in tainty.

ing a small, utilitarian one.

There is no doubt that Ford has been searching hard for a second, up-market brand to use in Europe. (In the US it uses the Lincoln-Mercury franchise to fill that role). Ford tried to buy both Alfa Romeo and Austin Rover (which in the motor industry are generally much bieser organisation. both Alfa Romeo and Austin Rover (which owns MG, a name that still has a good image is a wnich in the motor industry are generally much bigger organisations than the low-volume car companies. that still has a good image in the States as well as Europe), partly

Now Ford must make sure it cars.

does not swamp Aston Martin so that the UK company loses the very attributes which Ford was searching so hard to find. This is the management challenge faced by all big car companies when they absorb small ones.

That lesson was painfully learned in the past by, for example, Fiat which took some years Maserati, both based in Italy.

And, most recently, Ford in lationship between Fiat cars the last month announced that it wanted to take controlling interests in two British companies and up-market Lancia models after the acquisition of Lancia equally threatening to the small companies - the change in the pace at which they have to inthe last month announced that it wanted to take controlling interests in two British companies, Aston Martin Lagonda and Volkswagen had the same initial difficulties with Audi.

Both Fiat and VW at first pulsaries

> Today Lancia (recently merged with Alfa Romeo) and Audi are run as separate organisations with separate dealer networks in most countries in which they are sold. In the best deals, all the parties involved feel they have gained some-

Certainly the small car pro-

To start with, in spite of the prestige and glamour attached to their names, most of the smaller companies have been on a financial knife-edge and only marginally profitable even if they are in the black.

Having a big brother in the background certainly gives the bank manager comfort and en-ables a small company to make its forward plans with more cer-

er than the limited volume might suggest is possible because the cost of producing a large, luxury car is relatively little more than the cost of making a small, utilitarian one.

There is no doubs a large of the cost of making a small of the major company's purchasing operations, the small one should also be able to cut material and components costs. In More importantly, its suppliers should take it more small one.

organisations than the low-vol-ume car companies - tend to put and part-owner of Aston Martin able customers at the bottom of

takeover attempts - although one day it might be invited by the UK government to have an companies is the accelerating

There is no way the small companies can compete with the enormous research and development effort being made today by the major groups to speed the new technology into their cars. By moving under the large group's umbrella, the small company can benefit,

companies - the change in the pace at which they have to in-troduce new models. It used to be possible for a producer of limited numbers of up-market luxury cars or sports cars to wait perhaps 15 years before making major changes to any

This gave the producer time to amortise the development costs and to cover the cost of expensive tooling.

But to prevent being overtaken by the new technology being rushed into the 'average' family car, the up-market producers will in future have to up-date There are benefits for both ducers involved gain a great will in future have to up-date idea in these deals. The major deal by moving under a giant's their models much more fre-

> expensive small cars are extensively tested in wind tunnels to make them aerodynamically near-perfect; are run millions of miles round test tracks to enble manners when treated badly by poor drivers; are taken to the North Pole and the middle of the Nevada desert to make sure they can cope with ex-tremes of cold and heat and then are offered to customers complete with opening roofs, electric windows, anti-skid braking and so on, the small up-market car makers have to work much harder to convince models might be expensive but represent good value for money and are also better than those turned out by the million.

The pressures on the small car companies have never been greater and, as Mr Victor Gaun-Lagonda, says: There is no longer any room in this (automotive) business, however small The other element which has your company might be, for

Kenneth Gooding

"WE HAVE made a good start on the foothills, but we still have a long climb ahead." This is how Mr John Hougham, head of industrial relations at Ford UK, sums up the change in industri-al relations at the company over the past five years. It is a comment that most British car manfacturers would endorse.

The past few years have seen enormous change in the working practices, organisation, management style and collecmanagement style and conec-tive bargaining of British car companies. The days when changes to the speed of the line, the movement of workers from one part of a factory to another were fraught with difficulties But are the changes instituted

in the last few years enough to narrow the cost and quality gap between the British industry and its foreign competitors? Has the new industrial relations in the car industry really become ingrained, or will the new confidence among car motor manufacturers such as Ford evaporate as they struggle to maintain momentum?

The pressures for change in the British industry mirror those on European and Ameri-can producers. The rise of the Japanese industry, the recession of the early 1980s demanded a fundamental reappraisal of the way the companies con-

ucted their businesses. The competitive pressure was highlighted in the UK by the arrival of Nissan, the Japanese manufacturer, at its production site in the North East. Ford calculated that the streamlined working practices and more ef-ficient production methods employed by Nissan would give it a cost advantage of about £250 per car. But all the car manufactur-ers say that Nissan's arrival was merely the emblem for more

widespread changes. Mr Hougham explains: We had our own internal company comparisons, which showed that productivity at Halewood was 100 per cent adrift of that of similar plants producing the same product in West Ger-

Mr Mike Judge, industrial relations director at Peugeot Tal-bot, concurs. In 1980 the compamy's Ryton plant near Coventry was 30 per cent less efficient than its French plants, and it achieved only 85 per cent of its scheduled production.
The pressure of recession and

foreign competition fed a longs-tanding unease in the industry. Mr Judge comments: "Change has been fuelled by a kind of collective guilt about how we did business in the 1970s. Everyone knew it could not go on."
Mr David Young, his counterpart at Vauxhall Motors, the
General Motors volume car division, has a similar message: "A lot of the problem was with management. We went for proLabour relations

## **Managers** gearing shopfloor to an era of change



British makers are now matching other European factories

paying attention to all aspects of the business. When we started looking we unearthed lots of jobs which should never have been there."

All the companies have pursued similar themes in their rationalisation. Manpower has been reduced significantly; more flexible working practices have been introduced on the shopfloor to accompany the intro-duction of new technology. This is most graphically illus-trated by Ford which, in its

two-year agreement with the car industry union in 1985, reduced the number of job demar-cations from 500 to 58. Shop-floor operatives are now expected to be mobile around the plant, to take on jobs such as fork lift truck driving, as well as some quality control, mainte-nance and housekeeping of their work stations.

Similarly, demarcations be-tween skilled workers have gradually been eroded. Most companies now operate two or three types of skilled craftsmen, with complete mobility within a

The growing importance of multi-skilled, flexible, more capable shopfloor workers has had consequences for other aspects of the organisations. Most

have perhaps gone furthest 1980s. "We now rarely have an along this road. Mr Norman argument about facts," Mr Judge Haslam, industrial relations director at ARG, says: You can-not expect second-class employ-ees to built first-class cars."

All the companies are also introducing changes to their style of management, both by involv-ing employees more in the busiing employees more in the busi-nesses, but also by changing the role of shopfloor supervisors. These changes have produced impressive productivity gains. Peugeot Talbot has closed the productivity gap with the French factory, and the cost of faults has been reduced by 50 per cent At Austin Roser, proper cent. At Austin Rover, pro-ductivity is about 125 per cent higher than in 1979.

These changes have been facilitated by a number of changes in the conduct of industrial relations. Mr Jimmy Airlie, the Amalgamated Engineering Union official responsible for Ford, explains: The companies have understood that they will catch more flies with honey than with vinegar."

Part of the honey has been a set of reasonable pay deals which have paved the way for change. But all the companies believe that their vastly-imcommunciations stems have laid the bedrock for employees accepting the

Mr Young at Vauxhall echoes this theme: The unions will only push an issue when they have the backing of the membership. The changes to require unious to have ballots before strikes have ballots before strikes have made a big difference. But if companies can communicate directly with their employees this sets the backdrop for unions and makes it more diffi-cult for them to stoke up anger." The results at Peugeot Talbot have been dramatic. Since 1979 pute which has lost production. The more open communications have gone along with a greater managerial assertive ness. Mr Haslam at Austin Rover says: We just abdicated res-ponsibility before for passing information to workers. We left

that to the shop stewards."

The unions have also changed in their approach, Mr Airlie says. Union officials now talk about the need for competitive-ness, profit and change. The principle that change will happen is rarely disputed.

Nevertheless, there are still hard bargains to be struck. The

introduction of new working practices at General Motors troubled van plant at Luton was achieved only after months of companies have made moves to harmonise the conditions of workers.

Peugeot Talbot and the stateowned Austin Rover Group in the definition of the company says, compared with a company says, company says, compared with a company says, compared with a company says, compared with a company says, company s

European company's operations.
This does not mean that the

unions have become company unions. Mr Young at Vauxhailsays it will always be management's responsibility to ensure no agreement is signed which the business cannot afford, and never the union's task to do that. But the unions and management have developed a way of doing business which allows for change through negotiation.

Few car companies plan to in-troduce entirely multi-skilled craftsmen. Mr Haslam at Austin Rover explains: We will still need specialisms; multi skilling and flexibity are not Holy

At Jaguar, there is consider-able debate within the company able debate within the company over whether to move towards flexibility and a multi-skilled workforce at all. Many in the company believe that the prod-uctivity gains of the future will come from supervisors, being trained to organise the work of specialists much more efficient-ly.

The emerging role of supervi-sors is a consistent theme. All companies talk of wanting to turn them into mini-managers rather than sergeant majors. Mr Judge at Peugeot Talbot says: They will be absolutely key to future efficiency. We want to turn them into mini-managers with responsibility for produc-tion decisions, costs, local industrial relations, store and inventory. Production control, quality control, engineering will in future be departments serving the supervisors rather than the other way round."

This implies enormous changes in the authority and management structures of companies which few have yet grasped, according to Mr Paul Talbot the union official repre senting supervisors in ASTMS, ) the white collar union. They talk about making them managers, what about paying them as gers, and treating them as managers."

The unions are also develop-ing their agenda for what they want from flexibility and change. Unlike the West German unions which have target-ted cuts in working hours, or the American United Automboile Workers, which has just won a job security agreement with Ford, the British unions seem to

lack a strategic goal.

Mr Talbot says: We are looking for job security, built up over time. Job security means many things but at the end of the day it means planning manpower needs more accurately so people are not laid off because of temporary downturns, and manufacturing more in the UK."

Charles Leadbeate

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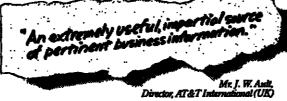
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#### Pollution controls

## **Brussels deadlock loosens**

Cleaning up Europe's cars

1.10.89

1,10,91

THANKS TO the Single Europe-an Act, introduced earlier this year, the road to reducing the level of pollutants emitted by cars in Western Europe can be seen more clearly.

EC politicians and officials,

who used the Act in July to re-start the legislative vehicle for reducing emissions which had been stalled for two years, can still see some potholes ahead. But at least the Act, under which EC decisions can be tak-

which EC decisions can be taken in some areas on a majority rather than, as previously, unanimous vote, has permitted Environment Ministers to loosen the deadlock which had existed since 1985 over an EC Commission Draft Directive setting out the proposed stricter new exhaust standards.

They agreed that the limits on the permissible amounts of ni-

the permissible amounts of ni-trogen oxides, carbon monoxide and hydrocarbons can be ap-plied to new model cars of over two litres starting next October 1; to current model cars of over two litres on October 1,1383; to cars of 1.4 to two litres between 1991 and 1993, and to sub-1.4 litre cars between 1990 and 1991. "Can" is the operative word. For the compromise reached by the Ministers at their Council meeting in July allows individual EC states to introduce the stricter standards; it does not

compel them to do so.

Until that meeting, and under the old "unanimity" rules, Denmark had been firmly vetoing the proposed standards first set out in a 1986 European Commission Draft Directive on the grounds that they were not strict enough.

Now, having allowed itself to be outvoted, it is expected to apply later to impose yet tough-

er standards within its own borders. That may be possible, but only in the by no means certain event that its EC partners do not consider such a move to amount to a hidden trade barrier. Denmark wants standards

similar to those of Switzerland, Austria, Sweden and Norway, all of which have adopted USstyle emissions limits. These are considerably more strict than those contained in the EC West Germany, whose forests

like those of Scandinavia have been damaged by acid rain - to which exhaust emissions are a contributor - also fought long and hard for tougher standards. But it has settled grudgingly for a compromise under which it is offering tax and other incentives to West German motorists who voluntarily buy really "clean" cars fitted with catalytic

Other states are expected to adopt the forthcoming EC limits with varying degrees of enthusiasm. France, Italy and the UK have been relatively lukewarm to aspects of them, and the ex-tent to which they are adopted

is likely to depend very much on the ease and cost with which the standards can be met by their respective motor industries.

However, the battle within the EC itself may not yet be over. This is because the Act reversides for meiority decisions.

1.10.88

1.10.91

1.10.90

provides for majority decisions taken by the Council of Minis-ters to be referred back to the EC Parliament, which has pre-viously favoured stricter stan-If it again backs stricter stan-dards, and gains the support of the Commission whose existing draft directive was a very grudgingly-reached compromise anyway, the Ministers would then have to decide whether or not to change the package, opening the way to yet further delays.

the cheapest cars.

A number of other issues re-main unresolved. For example, a revised driving cycle over which the proposed standards which the proposed standards should be measured has yet to be agreed, although this could arrive by the end of the year. The existing test simulates mainly urban, low-speed driving; the average throughout the test is, in fact, only just under 30 kilometres an hour. kilometres an hour.

A revised cycle is intended to take better account of autobahn-type roads, since emissions of pollutants tend to rise with speed, but are most evident under hard acceleration). Ironically, in the light of all the delays, the terms of the 1985 draft directive also provide for Ministers to decide before the end of the year whether a second state should be introduced. Ministers to decide before the end of the year whether a second stage should be introduced, later in the 1990s, tightening the standards for under 1.4 litre cars. The standards currently proposed for this sector are the least onerous of the three engine capacity categories and require manufacturers to make few changes even on existing models to meet them. Mean while, although standards have

CO:25 HC +NOX:6.5 NOX:3.5

CO:30 HC +NOX:8

Yet another issue weighing on taken by the Council of Ministers to be referred back to the EC Parliament, which has previously favoured stricter standards than those proposed. The Parliament's view on the issue should become known over the next few weeks.

If it again backs stricter standards and subject the weeks making all new cars capable of running on unleaded petrol by running on unleaded petrol by October 1989, by which time it is intended that unleaded petrol will be available throughout the EC.

Indeed, there are already more than 300 petrol stations ofthe way to yet further delays.

France, Italy and the UK which has been one of the European laggards in its introduction. But making cars capable of rouning on unleaded fuel is require the fitting on all cars of catalytic converters and probably fuel-injection systems rather than 300 petrol stations of fering unleaded fuel in the UK which has been one of the European laggards in its introduction. But making cars capable of rouning on unleaded fuel is require the fitting on all cars of catalytic converters and probably fuel-injection systems rather than 300 petrol stations of fering unleaded fuel in the UK which has been one of the European laggards in its introduction. But making cars capable of rouning on unleaded fuel is represented in the UK. the case with the catalytic converters which, it is universally accepted, are the most efficient means of all of cleaning up

> There is a motor industry consensus that, in those countries which decide to implement it, the proposed standard for over two litre cars will require full, electronically-controlled catalyst systems adding about £400 to the price of the car.

Most manufacturers hope to be able to meet the standards on some at least of the cars in this range by fitting engines using "leanburn" technology, in which very weak fuel mixtures can be

Lean burn technology also has the benefit of allowing continuing developments to im-prove fuel economy, which catalytic convertor systems actually

Lean burn engines, perhaps in conjunction with a simple oxidation catalyst, might be suffi-cient on those cars least likely to meet the standard: largelsh salcons with relatively small engines which have to work hard to move the car and thus produce disproportionately high levels of pollutants.

Other technical breakthroughs cannot be ruled out.
For example, AE Developments, the UK engine components and combustion research
subsidiary of Turner & Newall,
has substantially completed development of a new type of piston invented by Sonex of the
US, which is claimed to have
complied with the new standards with ease. Negotiations
on its production are under way
with several manufacturers.
Under 1.4 litre cars will be

Under 1.4 litre cars wil be able to meet the proposed standards with ease, in most cases involving little more than adjustments to the ignition or compression ratio.

Meanwhile, debate on the is-sue has been heightened by oth-er vested interests fearful of er vested interests fearful of seeing big market opportunities slip away. For example the Au-tomobile Emissions Control by Catalyst grouping, with mem-bers like Johnson Matthey, Eu-rope's largest catalyst producer, has become increasingly anx-ious to debunk what it says are the performance and cost the performance and cost "myths about catalysts.

The uncertainty which has surrounded the whole emissions debate for so long has been bitterly assailed by some of the manufacturers. For example, Dr Ulrich Seiffert, head of research at Volkswagen, said earlier this year that the EC had created a "disastrous" situation for Europe's motor industry by for Europe's motor industry by failing to provide clear-cut guidelines.

And presenting Brussels with another potentially severe headache for the future, he warned that none of the stanwarned that none of the Man-dards took account of carbon di-oxide emissions. To these are attributed the "greenhouse" ef-fect of warming up the atmo-

"It is accumulating and we simply don't know what it's go-ing to do to our world," Dr Seif-fert said.





IT WAS THE FIRST TIME I'D BEEN THE SUBJECT OF A TAKEOVER BID.

For years and a succession of cars, the MD had been content for me to drive him everywhere. Until this new Rover Sterling rekindled his interest in driving. At first I only knew it from the speedo trip meter but the morning of the Brussels meeting there was no escaping that hed had the car out the night before. The driver's seat was higher than I like it, the car surveillance computer was on metric, the seat heating button was depressed. This was not carelessness, he's too meticulous. He was up to something. Led him in the rear vision mirror, settling down in the back. "Very convenient" I said as the seat comanically returned to my set position, "that the door tirror positions are also kept in the memory." I fax pretended he didn't hear. "And just as well" I continued as we pulled away, "that the feeter has a timed cut-off to save the Fattery, isn't it?" That brought a smile



He pressed his rear seat recline button and possed me a new tape. Ligetti! I switched all the sound to the rear four speakers and left him to it. I have to hand it to the bass for buying the Rover, it's great to be driving British again. Leather seats and walnut panelling; redolent of fine malt the MD once remarked. But what impresses me more is the handling. The electronically injected 25 V6 whispered over the Downs as if they weren't there. I like its firm ride. With speed-variable power steering, it feels more like a coupé than a saloon. And I was never more thankful for ABS than when we got cut up on the motorway approach by some maniac salesman. At which point the MD joined the fray by announcing "You can leave the car at the airport, I'd like to drive home myself tonight." He'd come clean at last. This tendency had to be scotched. "So you'll be tee-total today, sir? No lunch at Le Cygne, no celebrating the deal? Very wise if you're going to drive, sir." He paused. "Perhaps I was a little hasty." "Mineral water isn't quite the same." I suggested. "Quite." "So I'll drive as usual." "Quite."



#### Production technology

## Close to true automation

facturing facilities at the Long- or so.

Austin Rover has invested about £600m in its manufacturing lechnology since the start of the 1980s, and expects to spend out categorically, it is a clear formula of the start 
Such sums are not large by the standards of multi-nationals the standards of multi-nationals Austin Rover's forthcoming K-like General Motors or Ford, series engine to power the Met-And since the arrival of Mr Graham Day, the former British least 5,000 such engines are
Shipbuilders boss, as Rover scheduled for production each
Group's chairman last year, week starting in spring 1989.
there has been a much-diminMr Barr says: The flexible

turing operations, Mr Andy lights off, go home and leave the Barr, was able to demonstrate machines to get on with the both a number of areas where the UK company has become the UK company has become work.

"We have learnt a great deal and we believe that we are very that we are very and the state of the art." just how rapidly computer-inte- close to that grated manufacturing is chang-ing the shape not just of Austin Rover, but the industry overall.

owned car maker, gave journal complex components and sub- cost. A cylinder head, for examists their first look at new manuassemblies, some within a year ple. could be designed onists their first look at new manu- assemblies, some within a year

bridge plant, near Birmingham
The 9m flexible manufacturwhere, within two years, it will ing facility shown to journalists start producing the R8 (Rover) indicates just how close it is al-and YY (Honda) medium car ready. The plant is making 600 ranges that are being developed complex cylinder heads a week jointly with its Japanese part- (for the Rover 800's M16 engine

at least a similar amount by the reunner of much higher volume early to mid-1990s. reunner of much higher volume facilities to produce major components of the future, such as

there has been a much-diminished tendency to make strident manufacturing facility has givilians about the company's vehicles or manufacturing processes always being right at the motor industry's cutting edge.

Yet its director of manufacturing constitutions. Mr. Andr. the staff able to switch the lights off rehome and leaves the

A short distance away, within what Mr Barr himself describes as the company's high technolo-Mr Barr made clear that Auser gy centre, the company is prod-tin Rover is now advancing fair-ucing prototype machined com-ly rapidly towards "lights out" ponents of almost any variety in

AT THE END of September, manufacturing (all-night pro- 25 per cent of the old technology facturers, lies in assembly of Austin Rover, the UK State- duction without supervision) of time and at one quarter of its the car in modules with, for exscreen, entered in the company's master database and produced within a few hours inside the technical centre by multi-

axis machining equipment working off the common data-However, this is all complementary to the really key intelligent systems now flowing into the company, Mr Barr says. These comprise the 100-plus graduates a year now being taken on, bringing Austin Rover's total to 700 compared with 130

as many employees.
It is essential to raise the in-tellectual base of the company, he observes, and we expect to take on 100 more graduates a year for the forseeable future.

ten years ago when it had twice

what amounts to a manufac-turing technology revolution has been sweeping all through the industry. Fiat's "Fire" (ful-ly-integrated robotised engine) is among the most advanced on the way towards fully lights out engine production, while Japanese manufacturers such as Nissan have been achieving lights out production of major

components for some time.

The last big challenge for the industry is how to automate final assembly, with all its prob-lems in the form of fitting soft trim, seating and so on. The so-lution, according to most manu-

ample, the inner floor, com plete with seats, assembled well away from the production lines and dropped into place on the vehicle as a unit prior to in stallation of the roof

The revolution is also spread-ing, as a matter of necessity, to component suppliers who, vehi cle manufacturers agree, have no prospect of surviving in the industry without computerised design and engineering systems capable of being plugged di-rectly into the vehicle makers' own design systems.

That is no more than it should be, suggests Mr Paul Craig, director of Garrett Automotive, the subsidiary of Allied Signal group of the US which produces half the world's turbochargers.

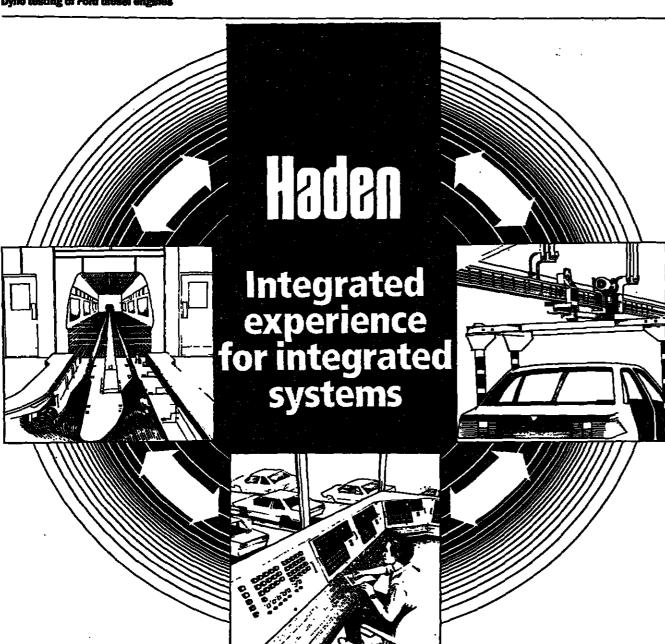
Integrated and flexible de-sign and manufacturing has allowed Garrett, for example, to cut the design to ready-for-manufacture time for a new turbo-charger to a few days, and any modification time to a few

And it has allowed Garrett to adopt a new manufacturing ap-proach: of producing turbos in small numbers to a customer's precise requirements rather than trying to maximise the volume of one standard design over as many applications as possible.

John Griffiths







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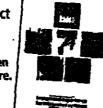
and floor conveyor systems marketed by any one company.

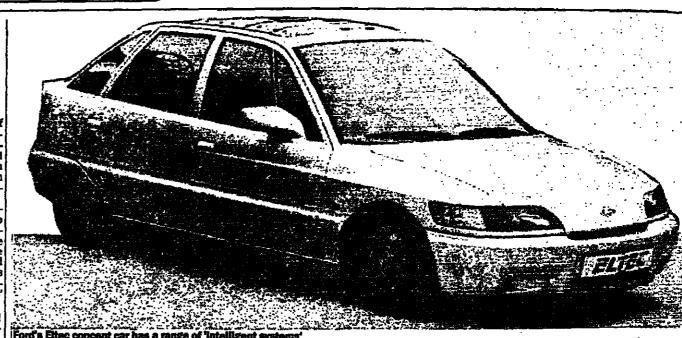
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Innovation is bringing more 'intelligence', savs John Griffiths

## The car that will think

INNOVATIONS, usually elec-tronically-controlled, have been introduced to the car thick and fast over the past several

and fast over the past several years: anti-skid braking, traction control (to prevent skidding under acceleration), and more recently four-wheel steering to name but a few.

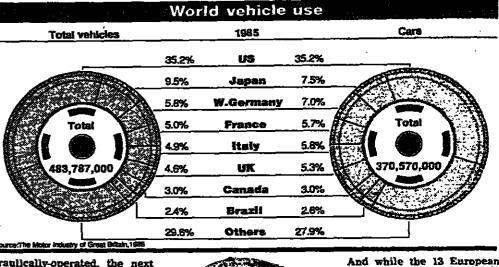
Yet as Mr Mike Westbrook of Ford has been pointing out with some regularity in the past few weeks, even these can be viewed as independent processes operating separating in a car. Coming over the horizon, he observes, is something more ambitious altogether: the "intelligent" car.

"What we're looking towards is total control over the whole driving process, from the piston to the wheels," says Mr Westbrook, who is manager of technological research at Ford's UK research and engineering cen-

Electronics, by Ford's esti- injection and other factors to mates, already average between minimise emissions.

10 and 15 per cent of the manual the snag here is that the manual that the

A pioneering use of in-car when the mixture fires, the electronics was in engine man management computer can agement. Now, most modern compare both sets of data. Thus



The intelligent car concept step is for them to be electroniwill revolutionize driving It's a scientific revolution that we will all see come about, and from which we will all benefit."

The message is being put over the motor colleagues, on behalf of Ford, in the course of giving the current Faraday lecture series of the accelerator. The "sport" organised by the UK's Institution of Electrical Engineers.

However, Ford's stated view of the car of the future is shared virtually throughout the motor industry, and differs from other ready have exhaust emission-reading process.

The intelligent car concept step is for them to be electronistic the next step is for them to be electronistic. That, says ford, will bring to reality the fully interactive power train in which engine and transmission continuously "talk" to each other read each exit and "aconomy" options would also be incorporated.

The message is being put over continuously "talk" to each other read each optimum engine reverse and gearing for changing to continuously "talk" to each other read each optimum engine reverse and eacide optimum engine reverse and eaconomy options would also be incorporated.

The intelligent car concept step is for them to be electroniwill bring to reality the ford, will bring to realit draulically-operated, the next

The intelligent car, it is envisaged, will result from putling toaged, will result from putling together all the individual the information to the engine
systems within the vehicle under the control of a central commanagement system. Using this
information, the "management"
modifies interior files. modifies ignition timing fuel

percentage will continue to rise ing about what should be done as the intelligent car draws to reduce emissions, based on nearer.

Some of the "building blocks" other sensor is placed inside in the process are easily identitied:

A propositing use of incomplete the combustion chamber to feed back what is actually happening when the services of the combustion of the combustion chamber to feed back what is actually happening electronics was in engine management. Now, most modern compare both sets of data. Thus cars have an electronic "map" it can "learn" what is really hapcontaining thousands of datum pening, and make the best adpoints dictating ignition timing, justments to suit. In the Faragemel-injection duration and other parameters to achieve maximum operating efficency.

Subsequently, electronically-controlled automatic fourspeed transmissions were introduced by companies such as Mercedes and BMW with driverselected "sport" or "economy fed very poor-quality fuel, perselected sport" or "economy fed very poor-quality fuel, perselected "sport" or "economy fed very poor-qualit

effective system to work adequately within the hostile environment of the car presented a major challenge to both motor and electronic industries for al-

The suswer, multiplex wiring is coming into limited use among some executive car makamong some executive car mas-ers such as Jagnar, BMW and Mercedes. But it is widely ex-pected that the "intelligent" car in the fullest sense referred to by Ford will not begin to be-come available from even the most advanced manufacturers until the early 1990s.

antil the early 1990s.

A multiplex circuit can be compared to an electric ring main, with just one wire along which electronic signals are both sent and received between the central computer and the switches, sensors and control systems to which it is linked. Even without its intelligence-communicating advantages, the weight saving compared with a conventional electric wiring loom is virtually worth the development cost for motor manufacturers.

However, the car's intelli-gence is not expected to be con-fined to its own internal work-

ings. External factors, such as the car being able to maintain its postion on the road at a safe distance from other vehicles or other potentially painful parts of the scenery - by means of so-nar or radar - are also likely to feature.

and others involved in a pan-European traffic safety pro-gramme named Prometheus are understandably a mite reticent in advocating it, this could mean a system which overrides mean a system which overrides the driver's judgment of what represents a safe distance and automatically reduces the en-gine power or applies the brakes. Privately, those in-volved with Prometheus, which is intended to balve Europe's 50,000 road deaths a year by the turn of the century point to multiple shunts on motorways as providing one obvious justifi-

car manufacturers, EC officials

Within the Prometheus project traffic guidance systems are being developed which would see their best use made by the intelligent car of the future. Transmitter/receivers junctions (the latter all connected by inductive loops to a central computer) would provide information about where the car is at any time.

The car could identify itself to the system and tell it precisely where it wanted to go. At each junction it would be kept on its

The car's system would relay to the driver only essential in-formation, such as when and where to turn, in order to min-lmise distraction from watching

Although initial costs make it certain that the intelligent car will arrive first from executive will arrive first from executive and luxury car producers such as Mercedes, which has purchased several major high-tech concerns within West Germany to provide ready access to the technology, General Motors. Volkswagen, Ford and many other volume producers are predicting that most, if not all, of the advanced electropic of the advanced electronic systems that are currently envisaged will become available to the majority of car buyers well before the end of the century.

John Griffiths



reach to the future car, The Remault Vesta 2, developed over four years, provid to engine is capable of 100mpg petrol co

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## FINANCE DIRECTOR

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BUCKS.

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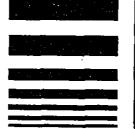
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For further information call 01-248 8000 Tessa Taylor ext 3351 Deirdre Venables ext 4177 Pani Maraviglia ext 4676 Elizabeth Rowan ext 8456

#### WHAT DOES 'INTERNATIONALE **BERICHTERSTATTUNG'** MEAN TO YOU?

Mannesmann Kienzle, a leading name in integrated information processing and office automation technology, are looking for a Management Accountant, fluent in German, to join the Head Office of their U.K. subsidiary.

Based in Slough, you will be responsible for the preparation and interpretation of monthly management accounts which are distributed to senior managers in both the U.K. and West Germany. Reporting to the Head of Pinance & Administration, you will also have the opportunity to undertake various ad hoc assignments and will be supported by a team of accounting staff. Fully qualified and computer literate, you should have a background in the capital goods industry and experience of working to strict deadlines. Proven supervisory skills are also called for but you will, in addition, need a "hands on" approach. It is anticipated that you will be in at least

A negotiable salary is being offered together with an attractive package of benefits, including a

Please send a full CV to David Ridgway, Head of Personnel and Training, Mannesmann Information Systems Limited, 224 Bath Road, Slough, Berks SL1 4DS.

your late 20's but otherwise age will not be a primary consideration.

#### **EMANNESMANN**

Mannesmann Information Systems Ltd



#### Foseco Minsep pic

## **Group Taxation Manager**

#### West Midlands

#### Salary £Neg + Car + Relocation Pkg.

Foseco Minsep is an international speciality chemical group, involved in the research, development, manufacture and marketing of products for the world's construction, engineering, metal melting and mining industries. The Group consists of over one hundred operating companies spread throughout thirty five countries around the world.

Reporting to the Director of Taxation and Treasury, you will be responsible for all UK tax matters and involved in the Group's tax planning strategy including the continuing review of the corporate structure and internal financing position. The scope of the role will expand to include direct involvement in international tax

issues as your knowledge of the Group increases. An outgoing character, you will be willing to apply technical skills in a commercial environment and keen to understand the other disciplines present in the group.

We anticipate you will be a Graduate Chartered Accountant with a minimum of three years' post qualifying experience in tax and aged 28-35. In return you will enjoy a challenging role with outstanding prospects, high financial rewards and a full relocation package where applicable. For further information please telephone Nigel Wright ACA on 021-643 6255 or write to the Executive Division, Michael Page Partnership, Bennetts

Court, 6 Bennetts Hill, Birmingham B2 5ST.

Michael Page Partnership

International Recruitment Consultants

London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide A member of Addison Consultancy Group PLC

## FINANCIAL SERVICES GROUP

Marketing and Corporate Finance Executives

We are an internationally known name with an established financial services operation.

We are planning a major expansion of our activities in 1988 and wish to appoint an executive with experience of all aspects of corporate finance work. We also wish to appoint a marketing executive who will work closely with the existing team promoting the sales effort. Terms of employment are attractive and reflect the importance we

attach to the expansion of our Financial Services Group.

Write in complete confidence with full details to:

Box A0694, Financial Times, 10 Cannon Street, London EC4P 4BY

#### FINANCIAL DIRECTOR

SMALL FULLY LISTED PLC BASED IN LONDON WEST END SEEKS AGGRESSIVE FINANCIAL DIRECTOR

The company has recently been dramatically transformed and returned to profitability within the trading-regimeering sector. Future plans are for growth by acquisition. A very exciting opportunity exists for the right person, ideally an accountant by training and probably aged 30/40 with experience in acquisition and restructuring.

An attractive package including share options will be offered. Reply to But A.0689, Plauncial Times, 19, Cannon Street, London EC4P 48Y

## **Group Finance Manager**

... for rapidly expanding public company

c£25k+bonus+car

Our client is a well established industrial holding company involved in the manufacture and distribution of a diverse range of well-known, high quality consumer products. The Group has a sound base from which it intends to grow

Its recent growth and plans for the future have created this new position to work closely with the Group Finance Director providing financial management across the Group. Key tasks will include:

- acquisition analysis and investigation
- installation of Group systems into new subsidiaries - provision of management information
- co-ordination of financial reports and budgets
- internal consultancy

You will be a qualified accountant and graduate with additional relevant business experience, looking to develop your career within an interesting, growth orientated

Package for discussion as indicated.

Please send your c.v. including salary details to Phil Bainbridge, ref. B.35062. MSL International (UK) Ltd.

Pilgrim House, 2/6 William Street, Windsor, Berks SL4 0BA. Offices in Europe, the Americas, Australiana and Asia Pacific.



# AUDIOR

## Make a vital contribution to our success and your career

Moore Paragon UK Limited is part of a major multinational Corporation,

manufacturing and marketing business forms in 36 countries and employing over 25,000 people. As a dynamic, continuously developing company, we recognise that our audit function is an important element in ensuring the success and efficiency of our

As a result of promotion, we are now seeking a highly motivated and resourceful individual to perform operational audits and management projects. You will present your conclusions through written reports and direct oral presentations to management, discussing their findings and suggesting

ways to maximise efficiency. The position requires travel within the UK and offers the opportunity of occasional overseas travel.

You will be a qualified accountant with at least three years experience in public accounting or internal auditing.

This is an excellent opportunity to establish yourself with a multinational organisation whilst gaining a wide variety of invaluable experience in our operations. A remuneration package, including car, will be on a scale appropriate to a company of

Please write with full details including CV to: Miss J Ferry, Personnel Administration Manager, Moore Paragon UK Limited, Moore House, 75-79 Southwark Street. London SE1 OHY.

## YOUNG COMMERCIAL ACCOUNTANTS

£20,000-£25,000+car London

Following a major restructuring, our client, a plc, is now actively on the acquisition trail. Their central strategy is to expand their existing interests in a high growth industrial

They wish to appoint two recently qualified accountants who would initially work with the young executive team with the real prospect of moving into a key role in an acquired company. It is intended that one appointee, probably an ACA, will work with the Group F.D. in researching and negotiating further acquisitions. Previous experience in identifying, assessing and

negotiating acquisitions will be a definite advantage.

The second, possibly an ACMA, will concentrate on the enhancement of computerised financial systems and the development of budgeting and management reporting for both existing and new companies. Both roles will have a high profile in a small, dynamic management team. Energy, confidence and commercial awareness will be essential.

Please reply in confidence, enclosing full career details and quoting reference 4510 to

## PMG Peat Marwick McLintock

**Executive Selection and Search** 9 Creed Lane, London EC4V 5BR

## Dynamic - Acquisitive - Hi-Growth - PLC Group Financial Controller

Southern England Salary up to £50,000 + Car + Share Options

Our client is one of the fastest growing public companies in the UK, with interests in manufacturing and distribution. The company has a turnover in excess of £200m and is strongly profitable with considerable funds available for future growth.

On-going vigorous expansion through acquisition is planned, while the considerable potential for organic growth continues to

The position of Group Financial Controller reports to the Group Financial Director whose own role is very strongly business development oriented.

The Controller's responsibilities are those normally associated with such a position; however, considerable emphasis is being placed on the development of financial policy, systems, procedures and controls. Other areas of particular importance a treasury and management information. There will of course be involvement in acquisitions.

Candidates should be qualified accountants, preferably

in the age range 35-45. Experience at both Pic group level and at operating company level is desirable, as is an un-manufacturing and distribution companies.

Candidates should also be self-starters, with a high degree of commercial acumen, technical strength and well developed

Salary is negotiable and will not present a barrier to the recruitment of an outstanding candidate.

As my client wishes to have sight of all applications, could you please state the names of any companies to whom you would not wish your application to be forwarded.

I would be pleased to hear from candidates who meet my client's demanding requirements. Submit your CV to Wayne Thomas, Executive Division, Michael Page Partnership, Kingsbury House, 6 Sheet Street, Windsoe, Berkshire SL4 1BG.

Michael Page Partnership

International Recruitment Consultants London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide A member of Addison Consultancy Group PLC

EINANCIAL DIRECTOR

South East England £30,000-£35,000  $\pm$  car

Our client is a well known Group with diversified FMCG business interests and operating throughout the UK.

Recent organisational changes associated with expansion and rationalisation have led to some key new roles being created. A major division now requires a Financial Director to be appointed.

The Finance Director will have dual responsibility as a functional specialist and as a Member of the Board. He or she will be accountable for directing the current financial strategies, policies and systems of the Organisation and developing them where future or prospective business initiatives make this essential. As a Board Member he or she will be required to advise colleagues on the feasibility of ventures under consideration, and participate positively in the direction and management of the Organisation.

Candidates should be F.C.A.'s or F.C.C.A.'s, aged around 40, with good interactive skills and currently either in a Financial Director role, or a Chief Accountant with experience of decision making at Board level. The successful candidate is likely to be on a current salary of not less than £25,000.

Please apply by November 7th, with full C.V. and salary details to:

The Recruitment Consultant P.O. Box 366 67, De Beauvoir Road, London NI 5AU

## Financial Accountant

ESTEE LAUDER continues to be one of the world's leading cosmetic companies. WHITMAN LABORATORIES LIMITED, Petersfield, the UK manufacturing unit supplying products throughout the world, has a vacancy for a qualified accountant (ACCA, ACA, ACMA) with some commercial experience.

The job involves day-to-day control of financial accounting and the preparation of monthly, quarterly and annual reports.

Candidates are likely to have one to two years POE in a FMCG industry. Knowledge of an integrated computer system and the use of PCs would be an advantage. Applicants would also need to be able to demonstrate the ability to communicate with staff at all levels in an international group,

The Company offers a highly competitive salary plus bonus, car and re-location assistance where appropriate, together with fringe benefits.

Please send C.V. to Gabrielle Bulger, Personnel Manager, Whitman Laboratories Ltd., Winchester Road, Petersfield, Hampshire. Telephone: 0730 66522.

Whitman Laboratories

# AND TRADE

Major banana importers, established since the forties in a leading Arab country, planning to establish a procurement division in Central or South America, would employ for a long term an expert in banana technology and trade, capable of organizing and running quality control services, and of providing updated technical advice to growers and packers, and of supervising shipments and connected. of supervising shipments and connected administrative functions.

The position will be attractively remunerated according to terms to be agreed between the

experience in similar position with a well known banana multinational company. Fluency in English is essential. Candidates must be prepared to five in any

major banana growing country, but position would be stable even though frequent travel may be required.

Please apply in confidence, as soon as possible, with full C.V. (All applications to be in English).

I.M. White Consultancy, 31 Danbury Vale, Danbury, Chelmsford, Essex. CM3 4LA, England.

#### **ACCOUNTANT**

GIO UK Limited is a recently established reinsurance company operating in the London market.

We are seeking a qualified accountant to be responsible to the Managing Director for financial accounting and systems, budget reporting, preparation of annual accounts and periodic returns.

Previous experience in the financial accounting and reporting aspects of company operations is essential. Experience also in systems maintenance and development and the reinsurance industry would be an advantage.

Enquiries, in strict confidence, should be directed to Mr. J. Trimmer, Managing Director. Telephone 01-626 0103.

## A past rich in tradition. A future to value.

You will almost certainly know our client, a key player in the dynamic financial services sector. The organisation has an impressive pedigree with a record of innovation and a high quality product profile. It has a prime position in the field of life assurance and pensions with a track record which is the envy of its competitors.

This role has been created to strengthen and help develop the central finance function against a backcloth of significant change and development.

The need is for a high calibre finance professional who would initially take control of a critical area of the function. Key tasks include management of a small team, reviewing systems and providing a proactive service to user' departments.

#### ACCOUNTANT

for market leading financial services organisation

**BUCKS** c.23k package

Whilst we ideally seek a qualified accountant, probably 25-35, those candidates with well developed management skills or relevant experience will be considered on their merits, and personal qualities sufficient to make a positive impact throughout the organisation are

considered equally important. Salary package is negotiable as indicated including mortgage subsidy, non-contributory pension, free lunches and a truly prestigious working environment.

This is a first-class career opportunity and will appeal to ambitious, commercially aware accountants.

Please send your c.v. to Phil Bainbridge, ref. B.35060. MSL International (UK) Ltd.. Pilgrim House, 2/6 William Street. Windsor SL4 0BA.

**MSL** International

#### Challenging development and commercial role

## Financial Controller

**Northern Home Counties** Our client is the £5 million turnover industrial division of an

expanding multi-million pound turnover group. They are a niche company involved in electronics and computer graphic

The company has recently identified the need for an experienced Financial Controller. Reporting to the Division's Managing Director you will be responsible through a staff of 8

\* All financial matters affecting company performance

\* Developing computerised systems - particularly for contract and design costing

Commercial and business advice to the Managing Director and Operating Managers.

c£23,000+Car

The successful candidate will be aged 35-45, a qualified accountant, mature, diplomatic and widely experienced. A shirt-sleeves' style of operating is essential together with 'hands-on' systems development experience. A competitive salary, fully expensed car and other benefits is being offered for this challenging role.

Interested applicants should submit their C.V. as soon as possible to Wayne Thomas, Executive Division, Michael Page Partnership, Kingsbury House, 6 Sheet Street, Windsor, Berkshire SLA 1BG.

Michael Page Partnership

International Recruitment Consultants London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide

A member of Addison Consultancy Group PLC

## RECENTLY QUALIFIED ACA'S

This highly ecquisitive quoted service group is enjoying dramatic growth and profitability. A small department of consultants within H.O. provides information for nergen/acquisitions decision making. Identifying/ investigating targets, liaising through the acquisition process and 'bedding in' new acquisitions, the role is the principal point of contact between vendor and main board. Candidates will be ACA's seeking a first move.

PRO ECLACIOUNTANT

This major quoted service company requires a recently qualified ACA for an ad hoc advisory role. Preparing reports on various business issues, the role also embraces assisting non-financial managers to prepare eminaces assisting non-imagina managers to prepare budgets, together with forecasting and variance analysis. Involvement in financial and management accounting, systems and treasury are also envisaged. An established entry point enjoying excellent prospects: promotion is envisaged within one year.

#### INANCIAL CONTROLLER

Part of an international group, this acquisitive property Part of an international group, this acquisitive property development company has recently been restructured to take account of growth. A young professional is now required for a high profile role involving the formulation and review of budgets, the preparation of a monthly management information package and ad hoc systems development work. The role controls two staff, and offers an excellent entry into line management for a recently qualified ACA.

Please apply directly to Greg Ripley at Robert Half, Freepost, Roman House, Wood Street, London EC2B 2JQ. Telephone: 01-638 5191.

Financial Recruitment Specialists London · Birmingham · Windsor · Manchester

## FINANCIAL CONTROLLER

#### Leicestershire

c. £25,000 plus car

The bringing together of three hitherto independent manufacturing and service related operations into one consolidated unit is only a part of the development programme designed to project this privately owned company beyond its present turnover of about 17m per annum. The building of a strong professionally motivated senior management team is a further part of the plan with the Financial Controller now being sought to join and enhance that

Within such an environment therefore there is much creative work to be done at both manufacturing and commercial ends of the business.

Reporting to the Managing Director we anticipate candidates of maturity and experience — probably CIMA aged about 40 — who can demonstrate their ability to have impact across the full spectrum of an engineering/capital goods manufacturing environment. In addition to this initial development phase we anticipate the successful candidate moving progressively to the position of Financial Director and enjoying long term participation at Board level.

Applicants should write with full details of career to date and present earnings quoting reference FT1006 to Brian J. Smith, CIMA, at:

**QMS** Recruitment

Quorn House, 6 Princess Road West Leicester LE1 6TP

## Management **Accounting Systems**

London W1

innovative information requirements from planned accounting services for clients in leading professional practice offer computer-friendly accountant a fascinating install - develop - use project working with experienced partner, in parallel with a real management accounting role.

Candidates must be qualified accountants with hands-on (not necessarily full-time) experience of small computer systems planning and introduc-tion. Communication skills are also important. Prospects extend beyond the systems project.

For fuller details please write to John Courtis at John Courtis & Partners, 104 Marylebone Lane, London W1M 5FU quoting ref: 7202/FT and demonstrating your relevance clearly. Both men

PARTNERSHIP SEC. £28,000 For growing mediam/large chartract accountance, seek an internal accountant aged 30-45. Strong leadership qualities, possibly a Recessful Imancial controller, also to supervise office services.

MANAGEMENT ACCOUNTANT—FINANCIAL SECTOR c220,000 + package—Accountant (qualified ICMACACA/ACA preferred), with experience of management reporting and computerised spreachases systems. You will be 20-36, able to supervise staff and interested in City finance.

COMPLIANCE ACCOUNTANT—CE20,000

A prominent Chy institution requires highly motivated characted accountants (up to 40 years).

Preferably with exposure in fattures, who are looking for opportunities to develop current outside

MERIDIAN ASSOCIATES, MUSEUM HOUSE, 25 MUSEUM STREET, WC1A 1JT. 01-255 1555

#### ACCOUNTANTS/ECONOMISTS/MBAs

## **At Touche Ross Management Consultants** a challenge is on offer to rulers of their roost.

You have dedicated years of hard work to reaching the top of your professional perch. So it came as quite a nasty shock to discover that after all the effort there was surprisingly little there. Except, of course, isolation.

Unusually, your current state of mind is confused; you now have no clear indication of how best to develop your speciality and

If you recognise the scenario and are wondering where the challenge suddenly went. then Touche Ross Management Consultants are a name to remember.

Why? Because what we have to offer the excellent, creative mind is above all else a challenge. Or, more precisely, a continuous range of challenges matched by the stimulus of constant change.

Commercial problem solving in a major international practice like ours will release you from your cold and lonely roost. With Touche Ross you will be working in small teams with experienced, critically supportive

colleagues; work which by its very nature will

stretch and extend you, exhilarate you, and grant you intellectual elbowroom. Our environment is an open, pecking

order-free structure that encourages strategic self-direction and personal achievement. So much so, that exceptional men and women can progress to partnership within 3-4 years. Initially, starting salaries are to around £35,000 plus a car. An ever growing volume of

assignments from private and public sector clients has created more opportunities in our London, Birmingham, Manchester and Glasgow offices for people with a good first degree and preferably an MBA or appropriate professional qualification. If you're as good as you think you are - we'll be able to hatch something out together!

Please write with full cv, to: Michael Hurton, (Ref 4110), Touche Ross & Co., Thavies Inn House, 3-4 Holborn Circus, London ECIN 2HB. Tel: 01-353 7361.

## **△**Touche Ross **Management Consultants**

## FINANCE & ADMINISTRATION **MANAGER**

c£20K+car +petrol

South West
Our client, the largest company of its kind in the world, is looking for an experienced industrial Financial Manager to help run one of its UK factories.

The role encompasses all aspects of accounting, financial management and information services. The position reports to the General Manager of a stand-alone manufacturing plant producing products with a retail value of over £150 million and employing just under 100 people.

The successful candidate must be professionally qualified and is likely to be of graduate calibre, aged 28-40, with at least 5 years' experience of working in a hands-on. manufacturing environment and with expertise specifically in standard costing and

The position will be particularly attractive to finance professionals who have a sound grasp of French as well as the ability to thrive in a complex international group which can offer long-term career opportunities.

In addition to salary, the remuneration package includes a fullyexpensed executive car, non-contributory pension and medical insurance, and full relocation expenses if applicable.

Please send full career details to Valerie Simmons, Lockyer, Bradshaw & Wilson Limited, 39-41 Parker Street, London WC2B 5LH.

Worcestershire

for the successful candidate.

provided with relocation.

over the last two years.

All applications are treated in the strictest confidence. Please list any companies to whom your application should not be forwarded.

FINANCIAL CONTROLLER

Our client is a major group in a growing service industry sector which has enjoyed

significant growth and increased market penetration through innovation and diversification

The appointment of Financial Controller reporting to the Director of Finance and

Administration is a new appointment reflecting the importance of financial control in the Group, it is a significant management position with responsibility for all aspects of the finance function including financial accounting, treasury management, budgeting and

forecasting, and project appraisal. There are prospects of a directorship within two years

Applicants should be chartered accountants, under 40 years of age with a good technical background gained in a medium/large company or professional office. First line management and hands-on computing experience is essential.

The Group's head office is in an attractive rural setting and assistance will be

Please write in complete confidence quoting reference 3606/1 and submitting

**Pannell Kerr Forster Associates** 

Peter Childs

New Garden House

78 Hatton Garden

London EC1N 8JA

## Financial Controller

cFF 250.000

Our client, a rapidly expanding international group with interests in the Middle East and Europe and a turnover already in excess of US \$100M, is looking for a financial controller to operate directly as an assistant to the general manager.

In addition to co-ordinating and analysing the results of the group, the selected candidate will be responsible for introducing a centralised management reporting system, running the accounts of the holding company and participating in the Treasury function of the whole group. This position is an ideal opportunity

for a young qualified accountant looking to gain international experience in an operational, growth environment. Candidates must, however, be totally fluent in English and have a good working knowledge of French. If you are interested, please contact Ivor N. Alex

ACA on Paris (331) 40.70.00.36 or alternatively write to him by express post at Michael Page France, 19 Avenue George V - 75008 Paris enclosing a comprehensive

curriculum vitae and quoting reference INA/1316.

**MOTION** 

*PICTURES* 

Newly/Recently

Qualified Accountant

No. 1 in cinema/film distribution in over 45 countries,

this £300m T/O multi-national offers a superb entry to the

A Newly/Recently qualified accountant will lead 8 staff, taking full responsibility for financial and management control of the Head Office accounting functions. This will

Include analysis and planning by geographical area, working within a multi-currency environment.

The successful candidate, aged 23-27, will thrive on the excitement of the film industry and will be encouraged to diversify their contribution beyond the parameters of finance.

Prospects for career development include a move into

Corporate Planning or Controllership in the UK or Worldwide.

Please contact NICOLA LENDRUM Ref: 4306 on 01-404

3155 at ALDERWICK PEACHELL and PARTNERS (Financial

Recruitment Consultants), 125 High Holborn, London

West London

c.£20.000 + Benefits

Leisure Industry.

Michael Page International

Recruitment Consultants London Amsterdam Brussels New York Paris Sydney A member of Addison Consultancy Group PLC

# **Finance**

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These are new positions and, working closely with the respective Managing Director, the successful candidates will be responsible for assisting in the further growth of a number of

evaluation of investment and acquisition opportunities.

Candidates, male/female, must be qualified accountants, probably aged between 36 and 40, who have experience as the Finance Director of a £10m + pa. manufacturing profit centre, and be able to demonstrate a high level of contribution to

package with many leatures.
For an information/application pack please contact, in the first instance: Hugh McCredie, Group Staff Manager,

Glynwed Tubes & Fiftings Ltd

## Young ACA Financial Accountant

a curriculum vitae including current salary details to:

This is the ideal opportunity for a

Cheshire based c.£16,000 + Excellent Benefits

young recently qualified ambitious ACA to make their first move into industry. Our client, Applied Biosystems, a U.S. Multi-National organisation with the European Headquarters based in Warrington, are world leaders in the development, manufacture and marketing of biochemicals and automated instruments for use in biochemistry, molecular biology and biotechnology research.
Due to the on-going expansion

programme, they now require a commercially aware, computer literate

accountant to become an integral part of a highly motivated team. You will be responsible for the preparation of the monthly financial accounts package, forecasts, budgets, consolidations and any ad hoc investigations.

c£23,000 + Car

Pannell Kerr

Associates :

orster

If you can meet the challenge offered by this last moving Hi-Tech company, then please send a full C.V. showing current salary, daytime telephone number and availability to Linda McConville, M.E.C.I., Managing Consultant, Robert Armstrong & Co., 2 Booth Street, Manchester M2 4AG.

Robert Armstrong & Company Management Selection Consultants

**Joint Venture** Accountant

Central London c.£19,000 + CAR + Excellent Benefits

As part of a strong British Energy Group, our subsidiary, Century Power and Light Limited which is currently based in the City of London but relocating in the near future, is expanding to maintain the development of its exploration and production operations. We are currently a partner in 49 North Sea blocks covering 6,000 square kilometres, and have interests in 3 producing fields and a number of oil and gas fields in varying stages of appraisal for development.

We are now seeking to strengthen our existing staff by the recruitment of a qualified accountant (preferably ACA) with around 2 years post qualifying experience and a keen interest in the oil industry. Working as part of a small, professional team you will be responsible for joint venture audits, joint operating agreement accounting procedures and billing analyses.

Approximately one third of your time will be spent outside the office, but within the U.K.

The position, carries an excellent starting salary plus fully expensed company car, and a range of benefits including Non-Contributory Pension/Life Assurance Scheme, free Bupa and Company Sickness Scheme.

Please send a full curriculum vitae in the first instance to Mrs Brenda Cole,

Personnel Officer, Calor Group plc., Appleton Park, Slough SL3 9JG.
Calor is an equal opportunities employer. We welcome applications from members of all ethnic minorities and both sexes

CALOR Gas

# **Paris**

West Midlands

Due to expansion, the Tubes & Fittings Division of the highly successful \$500m p.a. Glynwed International pic group of companies has opportunities for two Finance Directors; one for the Directors on the Steel Webser tics Sub-Division and another for the Steel Tubes

autonomous but related business units. Key tasks will be co-ordinating and controlling financial reporting, and assisting in the identification, examination and

siness performance.

Good remuneration, incentives and benefits

Glynwed Grynp Services Limited, Headland House, 54 New Coventry Road, Sheldon, Birmingham B26 3AZ. Telephons; 021-742 2388.

**Optical and Medical International Group** 

Financial Controller—Southampton based

A major Division of the Group operating in the field of Technical Services from 31 UK sites requires a Financial Controller to report to the Financial Director of the Division.

The responsibilities of the post include full day to day management of the accounting function, which has a staff of ten. Particular emphasis will be paid to the production of timely management information and the development of the existing computerised accounting systems. The position carries a salary of up to £21,000, a fully expensed car,

Candidates with hands-on data processing experience in their late twenties to mid-thirties should apply to:

C. D. FRY Esq., Group Fluncial Controller, Sutherland House, 78-78 West Hendon Broadway, Loadon NW9 7BT.

executive pension scheme and BUPA.



Alderwick

Peachell

## **Finance Director**

#### London

Our client, a marketing and business services group with revenues in excess of £30 million and a strong client base, is seeking to recruit a Finance Director.

As a key member of the executive team you will be closely involved in the strategic development of the group. This position will appeal to a dynamic self-starter able to make a major contribution to our client's corporate objectives within this fast moving business sector.

Applications are invited from qualified

**c**£50,000 + Benefits

accountants aged 35-45 who can demonstrate first class technical, commercial and inter-personal skills. A record of achievement is more important than relevant sector experience but successful acquisition experience would be a considerable advantage.

If you possess the necessary qualities our client seeks, please write to Barry Ollier ACA, Executive Division enclosing a comprehensive curriculum vitae and telephone number,

quoting ref. 459 at 39-41 Parker Street, London WC2B 5LH.

Michael Page Partnership International Recruitment Consultants

London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide

A member of Addison Consultancy Group PLC



## Senior Financial Analyst

#### Watford

ASDA has experienced rapid growth in recent years and is now a major force within today's highly competitive food retailing sector. Following recent developments ASDA has embarked upon a £1bn capital investment programme which includes the development of over 34 new 'Out of Town' superstores.

Following promotion within the group they now seek to recruit a Senior Financial Analyst at their group head office in Watford. This is the centre of corporate reporting and strategic development and as such this role will include:

- Financial modelling \* Performance analysis
- \* Co-ordination of strategic corporate plans

to £20,000 + F/E Car

- \* Investigation and review of investment opportunities
- \* Special projects

This challenging role requires a bright, enthusiastic newly or recently qualified Chartered Accountant. Applicants should be graduates, and able to demonstrate computer literacy, commercial awareness and an intelligent approach to problem solving. In return excellent prospects exist for progression within this dynamic organisation.

Interested applicants should contact

Richard Wright on 0727 65813 or write to him at Centurion House, 136-142 London Road, St. Albans AL1 ISA.

Michael Page Partnership

International Recruitment Consultants

eatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide A member of Addison Consultancy Group PLC



#### **UK Tax** Compliance Specialist c£25,000 + Car London W1

Our client is a major international Engineering Group with a worldwide turnover around £1000m. The TI Group has undergone a significant recent reorganisation emerging with an exciting development strategy and a successful international base.

The Group now wishes to recruit a compliance specialist for its new and internationally responsible taxation team. Ideally you will be a qualified accountant with solid working experience in the following areas:

\* Determination and agreement of corporation tax liabilities for a range of UK companies including planning the optimum utilisation of reliefs and allowances

take immediate responsibility for these duties as well as advising and liaising with Treasury and Financial Accounting colleagues on taxation

with VAT and PAYE regulations.

based taxation system.

\* Monitoring and improving Group compliance

\* Assistance with development of a computer

The successful candidate will have the ability to

For further information please contact Chris Nelson on 01-831 2000 (evenings/weekends

01-785 6545) or write to him at the
Taxation Division, Michael Page
Partnership, 39-41 Parker Street,
London WC2B 5LH.

Michael Page Partnership

International Recruitment Consultants A member of Addison Consultancy Group PLC

## Finance Director c£25,000 pkg + Car

#### **Midlands**

Our client is a well established, £8m turnover company in the construction industry, and is part of a highly profitable, international plc with an exceptional growth record.

The Finance Director will assume total responsibility for the financial and purchasing functions and will be fully involved in the commercial activities of the company. The initial brief will be to completely reorganise these functions, and to review the computerised systems. The successful applicant will also be expected to work closely with the Managing Director and play a major part in determining the future commercial strategy of the company. The group's history of promoting finance managers into general management positions

ensures that medium term career prospects are outstanding.

Candidates, aged 30-40, should be qualified accountants with broad accounting experience gained in medium sized manufacturing companies. A high level of self motivation, strong commercial awareness and positive communication skills are prerequisites of the appointment.

Relocation facilities are available where appropriate.

Applicants should write to Alan Dickinson ACMA at Michael Page Partnership, Bennetts Court, 6 Bennetts Hill, Birmingham B2 5ST, quoting ref: 551 (Tel 021-643 6255).

Michael Page Partnership

International Recruitment Consultants London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide A member of Addison Consultancy Group PLC

Young, entrepreneurial, risk-orientated

## Finance Director

South Wales

around £25,000 + Mercedes and substantial benefits

This young, extremely successful, multi-disciplinary hi-tech organisation has already made a significant impact with its sophisticated range of products and services. A"small company with big ambitions", it employs an elite,

innovative team of the highest calibre; they need a risk-orientated and entrepreneurial Financial Director who can complement their creative skills with experience in financial control, administration and business management

Probably in your mid to late 20s, or perhaps early 30s, you will be a highly ambitious, well qualified accountant, seeking a constraint-free environment in which to

progress; you will relish the speculative aspects of business and may have experience in the venture capital or merchant sector. Able to appraise proposed acquisitions or new ventures, your ability to design and implement financial controls is essential: experience of raising capital would be most useful but of prime importance will be your team minded approach and

The substantial remuneration package is complemented by relocation assistance to a most attractive area of South Wales.

innovative flair.

To apply please telephone for an application form or send your cv quoting Ref: 1767/PB/FT to Peter Bedford, at the address below.

PA Personnel Services

Executive Search · Selection · Psychometrics · Remuneration & Personnel Consultancy

St Brandon's House, 29 Great George Street, Bristol BS15QT. Tel: 0272 298204

## Financial Director Designate)

Salary c.£35,000 + car

Our clients, a dynamic, expanding medium sized professional firm have established a sound reputation in their specialist professional areas. They aspire to take the firm to the market and recognise the crucial role that a full time Finance Director would have in planning and monitoring the firm's business and financial affairs.

Reporting to the Senior Partner, the successful candidate will have full responsibility for the financial role, the development of systems as well as developing the financial strategy and future planning of the firm.

Candidates male or female, aged in their early 30s, will be Chartered Accountants who can demonstrate strong personal attributes and practical success in planning and managing finance. Good computer appreciation and systems development and sound interface with "city" institutions are essential requirements to this post.

Interested candidates, who meet these demanding criteria, should send a detailed CV including current salary to Don Day FCA, quoting reference LM 937 at Spicer and Pegler Associates, Executive Selection, 13 Bruton Street, London W1X 7AH.



Spicer and Pegler Associates

Executive Selection

Royal Trust provides private banking services encompassing banking and international trust services and is part of the Royal Trust Group. The Company is committed to uncompromising standards of service, a reputation for excellence and superior quality products.

We need to recruit a highly trained and versatile Accountant who will report to the Financial Controller and be responsible for providing and maintaining a detailed dialogue on all aspects of financial management, within the Trust and Banking operations, as well as having significant involvement in annual budget preparation.

Applicants must be ACCA or ACA qualified and used to tight reporting deadlines, exacting demands and capable of working on their own initiative. A comprehensive working knowledge of PC's and experience in management accounts preparation and staff supervision are fundamental to the job.

We offer a highly competitive salary and benefits package commensurate with experience/qualifications but this will not be a limiting factor to the candidate able to demonstrate the level of commitment, interest and ambition necessary to meet the job demands. We envisage this will be a contract appointment.

> Applications in writing to:-Mrs. S. J. Johnson, Manager - Personnel, Royal Trust Bank (Jersey) Limited, Royal Trust House, Colomberie, St. Helier, JERSEY, Channel Islands.



## Redland **Outstanding Opportunity** in Corporate Strategy/Acquisitions

Redland is a fast growing, leading producer of building materials throughout the world, with interests in aggregates, roof tiles, bricks, fuel distribution and plasterboard. Sales are in excess of £1.5 billion and profits of the order of £150 million.

A small, high calibre planning team reports to the Chairman and is closely involved in achieving profitable growth. Its members work with top management at both Group and Divisional levels. Several members of this team have been promoted to senior linemanagement positions within the Group. Following such a

promotion, a vacancy has arisen for a new member of the team.

Applications are invited from those aged between 23 and 30 who have high intelligence, good analytical, numerical, linguistic and people skills. They will be articulate, self-starting and bottom line results orientated

Successful candidates are likely to have made their mark already in their first appointment or will have recently completed an MBA.

Applications should be sent to: David Soskin, Director of Corporate Planning, Redland PLC, Redland House, Reigate, Surrey RH2 05J.

#### **HEAD OF FINANCIAL CONTROL**

c. £37k + car/package

Our client is a well-established prestigious financial Institution employing about 1,700 staff, providing high class banking and financial services. As Head of Financial Control, reporting direct to the

Managing Director, the appointed candidate will be fully accountable for directing the further strategic development of the financial function with a staff of 20. Key tasks include managing and developing the day-to-day computerised finance and accounting procedures, providing all

necessary financial information for management and external statutory bodies, ensuring compliance with the requirements of the Financial Services Act, asset and liability management, as well as playing a major role in planning the strategic development of the business.

Candidates, ideally aged 38-43, must be chartered accountants, demonstrating considerable line management experience and expertise at a senior level within a major commercial organisation, preferably within a banking or financial services environment.

Strong proactive, negotiating and inter-personal skills are required, as is the personal stature necessary to fulfil the demands of this important appointment. Please apply with full career details to:-

Stephen Mawditt,

Managing Director, Senior Management International.

SEARCH & SELECTION DIVISION InterExec SMI Human Resource Management Consultants



#### **FINANCIAL ACCOUNTS** c£20-£30,000

We are currently acting on behalf of several internationally renowned stockbroking institutions who are looking to fill a number of financial accounting positions. There are a variety of roles available and although prior experience within the financial services sector is preferable, it is by no means essential. The successful candidate should be a qualified Chartered Accountant with a good exam record and the

determination to succeed in a competitive environment. For further details on the above positions please contact Joe Reilly or Alexander Smith on 01-583 0073 (or 01-870 1896 outside office hours).

#### COMPANY ACCOUNTANT £19,000 + Car

Our client, an expanding company based in Central London with interests in the UK and overseas, wishes to recruit a newly qualified Chartered Accountant with a good academic background for a head office role.

The successful candidate will be involved with annual accounts, group profit forecasts, debenture issues and various ad hoc projects. Candidates, preferably from one of the big 8 firms, must display good accounting skills and a good commercial acumen.

Prospects for career development with the group are excellent and this position represents an ideal first move for a young accountant wishing to leave the profession. For further details please contact Hugo Hunt on 01-583 0073 who will treat all enquiries in strict

## BADENOCH & CLARK

THE FINANCIAL & LPCAL RECRUITMENT SPECIALISTS XGE STREET, BLACKFRIARS, LONDON SC4. SILOYOS AVENUE, LONDON EC3.

## **Group Finance** Director c.£50,000 + carThames Valley

Our client is synonymous with success. Established at the beginning of the century, this privately owned group of companies, with core activities of construction and property development, has experienced exceptional growth, doubling its turnover in the past two years to \$100m.

With ambitious plans for further expansion, both organically and by acquisition, a review of the company's senior management team has identified a requirement for a Group Finance Director.

This is an outstanding opportunity for an exceptional individual with a proven track record in a high profile environment to assume responsibility for the Group's Finance and Administration Functions. You will be expected to contribute substantially to the management of the business, working closely with the Group's Chief Executive on future strategy. Your first task will be to review the present structure of the Function, make recommendations and implement the necessary steps in order to tacilitate the continued and sustained growth of the company into the 21st Century.

You will be a "fast track" chartered accountant, aged 35-45, with at least 10 years post qualification experience in a dynamic and demanding environment where you have contributed significantly to strategic planning. You must have sound commercial ocumen and be able to demonstrate excellent communication, man management and interpersonal skills.

In the first instance, please forward your career resume and daytime telephone number to Mondy Dayles,

#### ROBSON RHODES

Chartered Accountants

**Management Consultancy Division** 186, City Road, London, EC1Y 2NU.

## ORION

#### **FINANCIAL CONTROLLER**

Port Talbot, South Wales

tOL

Orion is one of the leading manufacturing companies in the world. A factory making video recorders has been in operation near Port Talbot for approximately one year. Rapid expansion has created a need for a Financial Controller who will be responsible for managing the accounts function which is currently staffed by 4 people and subject to further development. Responsible to the Managing Director the role will involve the preparation of management accounts and reports on atimely basis for both the UK ... Board and the parent company in Japan. Computerised systems are in use.

Candidates aged 25-45 should preferably be qualified accountants with experience of working with a multinational group.

the experience of the individual.

Please write with full CV to: Mr C N Trotman, Orion Electric (UK) Ltd, Kenfig Industrial Estate, Margam, Nr. Port Talbot, Mid Glamorgan.

## **Group Finance Manager**

Rural North West

to £30,000 p.a. plus company car

Our client is a medium sized company owned by its management and moving towards public quotation, engaged in the manufacture and sale of a world renowned medical product. It has exciting expan-sion planned and wishes to recruit its first Finance Manager to take part in this growth.

The appointee will eventually be responsible for all accountancy (already fully computerised), financial reporting and treasury functions, but will also represent the company in dealings outside the finance area. Candidates (30 to 40 and C.A. or C.C.A.) will have had 5 years' experience in industrial manufacturing environment since qualifying ideally at management level with computer and man management exposure.

Apply in confidence to Hamilton Howatt, ERP International, 310 Chester Road, Hartford, Northwich, Cheshire, CW8 2AB, stating how you meet our clients requirements and quoting reference C500/FT. Both men and women may apply.

in association with

••• John Courtis and Partners

Seidman & Seidman, International Accountants, have vacancies

for audit staff in their New York City office.

These positions will interest candidates with one to two years' post qualification experience with a leading firm of Chartered Accountants and who are able to transfer by January 1 1968. Positions must be for a minimum of two years.

Full assistance will be provided with visa procedures. For further details, please write with full CV and home telephone number to:

> Mr Robert A. Gaida Human Resource Partner Seidman & Seidman 15 Columbus Circle New York, New York 10023

Seidman & Seidman

## **FINANCE DIRECTOR**

Experienced in managing exceptional growth

Surrey c £45,000 + car + profit share This challenging opportunity arises in a group of companies which has grown from less than £1 million turnover to £20 million in four years and now aims to achieve.

within a similar further period, sales of £100 million. The group designs, manufactures and markets a range of collectors items and high quality gift products. Exports are increasing even more rapidly than domestic sales.

The Finance Director will review and develop the systems and staffing of the finance function and play a key role in planning and controlling growth, including forecasting and negotiating the necessary funds.

Applications are invited from qualified accountants, aged 30 - 45, with previous first hand experience in a rapidly expanding business. In order to deal successfully with people ranging from extroverted entrepreneurs to talented artists, candidates will need to be sensitive, stable and sympathetic yet also commercially hard-

Please send a comprehensive career résumé, including salary history and day-time telephone number, quoting ref: 2850 to G. J. Perkins, Executive Selection Division,

## **△** Touche Ross

The Business Partners

Thavies Inn House, 3/4 Holborn Circus, London ECIN 2HR, Tel: 01-353 7361.

#### YOUNG FINANCE DIRECTOR

- WITH A HIGH LEVEL OF BUSINESS FLAIR

c.25k + SUBSTANTIAL BONUS + CAR

Pipe Dreams is a specialist retailer of luxury bathroom furniture. Since January it has been a strategically important member of Smallbone pic, the highly successful and innovative group involved in design, manufacture, wholesaling and retailing in the top sector of domestic interior design.

The need is for a highly commercial, qualified accountant to assist the M.D. in the running of the business and contribute to the ambitious growth plans which should see turnover quadruple and a multi-site operation established within 3 years. Immediate priorities will be the provision of management information, currently in its infancy, and the continued development of computerised systems and stock control.

You are likely to be under 30 with the personal qualities to succeed in a fast moving, design led and sales driven organisation. This is an excellent opportunity to gain broad business management experience within a highly professional, forward looking group.

Please send your c.v. to our advising consultant, Phil Balnbridge, ref. B.35063. MSL International (UK) Ltd., Pilgrim House, 2/8 William Street,

A Unique Opportunity for a young

## Management ccountant

Salary Neg to £25k + car + benefits

Our Client, a major Lloyd's members underwriting and managing agency, is currently reorganising its financial reporting and management accounting structure and has identified the need for a young Management Accountant.

Reporting to the Financial Controller, you will have responsibility for establishing tighter financial controls, providing financial management information, statistical analysis, and the preparation of statutory accounts and Lloyds compliance requirements. To achieve these objectives, you will also be heavily involved in the development of computer systems in the financial and underwriting areas.

Candidates, will be Chartered Accountants, aged in their mid 20k, who have experienced an involvement with the Lloyd's market, who are computer literate and are now ready to embark on an exciting career with a very progressive organisation.

The rewards in this post are ourstanding for a recently qualified accountant, and if you feel you could meet this challenge, you should send a detailed CV, including current salary, to Don Day FCA, quoting reference LM622 at Spicer and Pegler Associates, Executive Selection, 13 Bruton Street, London W1X7AH.

Spicer and Pegler Associates **Executive Selection** 

Financial Controller

West End Salary neg. to £30k + car

Our clients, a dynamically expanding firm of solicitors, are considered to be among the leaders in one of their specialist professional areas. They now recognise the crucial role that a full time professional Financial Controller would have in planning and maintaining the partnerships business and financial affairs.

Reporting to and working closely with the Senior Partner, the successful candidate will have full responsibility for the financial role at a time of rapid change and development.

Candidates, likely to be 28-34, will be Chartered Accountants who can demonstrate strong personal attributes and practical success in planning and managing finance, IT and other support activities in a service or partnership environment.

Interested candidates, who meet these demanding criteria, should send a detailed CV including current salary to Don Day FCA, quoting reference LM 621 at Spicer and Pegler Associates, Executive Selection, 13 Bruton Street, London W1X7AH.

Spicer and Pegler Associates

**Executive Selection** 

## Director of Finance

#### London

#### c£35,000 + bonus + s/options + car

Our client, a major quoted plc with an asset base exceeding £1bn, operates one of the foremost property companies throughout the UK. New developments and re-structuring of this multi-site organisation have now resulted in the need to appoint a Director of Finance of the quoted property company. The role reports to the Chief Executive and will have responsibility for directing the strategy and future expansion of the business. Strong cash management and the imposition of tight financial controls are imperative. Candidates, age indicator 30-40, will be qualified accountants, who must have had property experience. That experience must also include strong interpersonal skills to liaise with

both internal and external parties and be backed up by a strong commercial awareness with sound financial expertise. Future prospects within this group are excellent. Please write enclosing full resumé quoting ref: 145 to:-Philip Cartwright FCMA 97 Jermyn Street. London SW1Y 6JE. Tel: 01-839 4572





INVESTIGATIVE ACCOUNTANCY Up to £20,000

#### ARE WE GETTING **OUR MONEY'S WORTH** FROM OUR **BIGGEST SPENDERS?**

The public sector accounts for some of the biggest spending in the economy. An independent public organisation, our brief at the National Audit Office is to examine the accounts of all government departments and other public bodies. Our examinations go beyond the traditional requirements for certification of accounts into questions of efficiency, aconomy and effectiveness. Our complex value-for-money investigations, in particular, involve us in wide issues where treading close to the outer limits of audit work. We are further expending our team and looking for top cafere nals to join us as Senior Audito

Candidates must be fully qualified eccountants (Public Finance, Charlered, Certified or Management) with a good knowledge of current auditing methods and techniques, and the ability to work on their own initiative. Very important is an inquisitive approach with the persistence and fact to see matters through to completion. At least one years post-qualification experience is required, together with the capacity to act as team leader and supervise graduate trainees.

The vacancies are in London, mainly in dem headquarters building, but some travel within the UK will be necessary.

We operate a performance related pay scheme with a range for Senior Auditors of £15,485 to £21,814. Starting salaries within this range will depend on qualifications and experience. Promotion prospects are excellent. An attractive benefits package includes a non-contributory index-linked pension scheme, free life insurance, interest-free loans for season ticket purchase

Ptease write, including a full CV, to Michael Bland, National Audit Office, 157-197, Buckingham Palace Road, Victoria, London SW1W 9SP.

HENDERSON ADMINISTRATION GROUP PLC

## COMPLIANCE MANAGER

c.£28,000 + profit share and excellent benefits

Henderson Administration is an International Investment Management Group managing funds of approx £8 billion for UK and International clients in the world's major stock markets. It is one of the largest independent British investment management houses, highly regarded in the City and by major institutional and private investors.

This new post offers an exciting and challenging opportunity for a high-calibre, young Chartered Accountant who has had at least 5 years post-qualifying experience. Familiarity with the City's institutional environment is desirable but not essential.

Candidates need a high degree of maturity, self-motivation and communication skills, and the ability rapidly to acquire an understanding of the diverse technical systems and legal issues involved in establishing a compliance and internal audit unit within the organisation. This high-profile position will report to the Group Compliance Officer.

The highly attractive salary and benefits package includes a car and non-contributory pension scheme.

Please write with career details quoting reference BH.776 to Tony Burden, Executive Selection Division, 18 Grosvenor Street, London W1X 9FD.



ESD is the Executive Selection Division of EAL International

NCHAR, ENSTER, CAREATTE, CARDET, CLASCOW, LIEUX, LONDON, MANCESTER, NEW CASTLE, NOTTINGHAR, SEEPTELD and WHIS A MEMBER OF BLUE ARROW PLC

#### General Manager — Finance (With Director Potential)

Textile Products

West Yorkshire, To \$30,000, Car, Benefits

This is a rare and special opportunity to join a profitable, well established private company with a turnover in excess of £10m per annum, employing 130 people and operating successfully in UK and International markets. An accomplished individual is now required to join the team, bringing fresh and innovative levels of financial and general business expertise at a crucial stage in the development of a company which has undergone a huge reinvestment programme. A successful, qualified Chartered Accountant, you will have considerable expertise in systems, a strong commercial awareness and want Directorship within a reasonable period of time. An excellent communicator and inspirational leader, you should have the personality to fit in well with a proud, vigorous family run enterprise which has always enjoyed an enviable reputation in quality products and customer service. A lead by example and shirt sleeves type of management style are essential. This is a genuine opportunity offering outstanding prospects for an individual seeking both personal career development and the potential of a significant financial stake in a healthy and growing business.

J.A. Thomas, Hoggett Bowers plc. 7 Lisbon Square,
LEEDS, LS1 4LZ, 6532 448661. Ref. Li3040/FI. West Yorkshire, To \$30,000, Car, Benefits

#### Financial Director

Light Engineering

North East, To \$26,000, Profit Share, Car

Setting and maintaining the highest standards of quality and reliability have enabled this extremely successful organisation to become a major force in the UK and international market place and has halped to create an exceptional career opportunity for a dynamic accountant to play a key role within the company. Reporting to the Managing Director, responsibility is for the effective control of all plant accounting activities, incorporating guidance in the strategic development of the company, the provision of financial information and reports, the development and maintenance of computerised systems and the management of a highly committed team to maximise their effectiveness. Aged over 30 and a qualified accountant, preferably ACMA, you will have a track record of achievement gained at a senior level within a manufacturing environment and be able to demonstrate the necessary level of drive and management ability to make a significant contribution to the overall success of the business. Prospects for promotion to more senior positions within the company are outstanding.

D.R. Davidson, Hoggett Bowers plc, 4 Mosley Street.

NEWCASTLE UPON TYNE, NEI 1DE, 991-232 7455, Ref: N15022/FT.

#### Group Finance Executive

Major International plc

North West, Over \$25,000, Car

North West, Over \$25,000, Car

The continuing successful growth and development of this major international plc has created this important position in the Group Head Office. The responsibilities are wide, providing exposure to senior management throughout the Group when evaluating and interpreting business performance. Candidates will need to demonstrate strong, intellectual, interpersonal and analytical skills, be experienced in addressing broad business strategy issues, including contributing to acquisition activity, all on a solid management accounting bese. Familiarity with the use of personal computers is essential. Only graduates, aged 27-35, with an accounting qualification and at least three years experience within a leading industrial/commercial organisation will be considered for this appointment which provides a genuine career opportunity.

Mrs. J. Cull. Hoggett Bowers plc, St. James's Court, 30 Brown Street, MANCHESTER, M2 2JF, 061-832 3500. Ref. M1600/FT.

#### Unit Trust Administration

City, To £23,000, Car

Promotion of the present incumbent has created this opportunity in one of the most Promotion of the present incumbent has created this opportunity in one of the most successful and well known unit trust management companies. Reporting to the Director of Administration, the position is responsible for a small but experienced team, each person in which has complete funds to administer. The successful candidate will have a minimum of about five years unit trust experience, exposure to fairly advanced accounting and tax questions, leadership qualities that gain and keep the respect of staff and senior management and the ability to guide the team through the current and future computerisation and other improvements in working systems, ideal age is mid 30's but the right experience and personality are more important.

important.

1.L. Duff, Hoggett Bowers plc, 1/2 Hanover Street,
1.ONDON, WIR 9WB, 01 734 6852. Ref: H14021/FT

#### Financial Director

Food Manufacturing Central Scotland,

c \$22,500, Car, Above Average Benefits

A career opportunity for an ambitious accountant to make a major contribution to the continued growth and development of a successful food manufacturer, a sulf accounting profit centre within an independent Scottish group. The successful candidate, in addition to the primary responsibility for the provision of financial and management accounting information, will control personnel administration, finished goods inventory and distribution and lead the development of computer based Management Information Systems. Aged 30-40 and probably a qualified CA, applicants will have at least 5 years manufacturing experience, ideally gained in the food industry. Personal drive and commitment will be combined with the creativity and interpersonal skills necessary to play a key role in a small interpersonal skills necessary to play a key role in a small interpersonal skills necessary to play a key role in a small interpersonal skills necessary to play a key role in a small interpersonal skills necessary to play a key role in a small interpersonal skills necessary to play a key role in a small interpersonal skills necessary to play a key role in a small interpersonal skills necessary to play a key role in a small interpersonal skills necessary to play a key role in a small interpersonal skills are continued in the case of the case of the continued in the case of the case of the continued in the case of the case of the continued in the case of the continued in the case of the continued in the case of the and interpersonal skills necessary to play a key role in a small integrated management teem. Very attractive conditions of service reflect the stature of the company and as part of a successful group the prospects of further career

progression are excellent.

D.G. Burgon, Hoggett Bowers plc, 29 St Vincent Place,
GLASGOW, G1 2DT, 041-221 2585 .Ref: G14023/FT.

## Financial Accountant

A UK Leader in the Brewery/Leisure Industry City, c £18,000, Excellent Benefits

City, c \$18,000, Excellent Benefits

The UK Brewing arm of one of Britain's largest Groups, with annual sales in excess of £5 Billion is currently seeking a Financial Accountant to clarify and motivate the profitable performance of the financial function. The divisions accompass the complete brewery group operations within a highly competitive environment, displaying success and continued growth in all areas of trading. The successful candidate will assume responsibility for the direct reporting of financial information and ensure that internal controls are maintained to the highest professional standards supported by a team of 3 staff. The ideal candidate aged 25-28 will be a qualified ACA, ACCA with 2 years relevant post-qualification experience including a knowledge of mainframe/micro computer systems and proficiency within a salaries environment. Additionally you will be an ambitious individual with displayed skills in the training and development of staff. This front-line position should be considered as a stepping stone for future advancement into a regional or Head Office role. Generous benefits package and relocation assistance.

B.E. Boylan, Accountancy Division, Hoggett Bowers plc, 1/2 Hanover Street, LONDON, WIR 9WB, 91-409 2786. Ref: 634/FT.

These positions are open to male or female candidates. Please telephone for a Personal History Form to the relevant office, quoting the appropriate reference.

#### GROUP FINANCIAL CONTROL

Substantial Remuneration

Fox-Pitt, Kelton are an international stockbroking and investment banking group based in Europe and the USA; we have expanded rapidly in five years to become a major force in our specialised markets. We are seeking a group accountant/financial controller to work with our group chief financial officer in London. He will need to be capable of operating in a fast moving environment which involves foreign exchange, international taxation and complex corporate structures. He will have a sound bass of accounting theory and experience in preparing consolidated accounts.

The primary tasks are the preparation of the group management and statutory accounts and budgets and control of the group cash positions; he will also assist on taxation and the group's financial administration. The successful candidate will be computer literate and he or she will be a graduate Chartered Accountant, who has experience with a major accounting firm and relevant commercial experience outside the profession. We are offering a highly competitive remuneration package, so salary will not be a problem for the right

Please send a comprehensive CV including details of remuneration to: The Financial Director FOX-PITT, KELTON LIMITED Eldon House, 2 Eldon Street, London EC2P 2AY



## FINANCIAL AND BUSINESS **CONSULTANTS**

## **OUR NAME MEANS BUSINESS**

When it comes to Management Consultancy, few names are as well known or as well respected as Peat Marwick

From the private to public sector, from industry to education, our specialist teams of consultants enjoy a wide variety of challenges, demands and opportunities. Were you to join us you would join a UK consultancy of 600 professionals, working within a worldwide group of

over 4.500 consultants. This size enables us to provide the breadth of service to clients that is essential in the international markets of today. It also gives us access to an enormous skill, experience and knowledge bank, and it enables us to fund research and the development of products, services and people.

In Peat Marwick McLintock, however, size does not

submerge the skills or ideas of individuals. Within the firm you could join one of our financial management groups of 15 or 20 professionals, or a group of sometimes only four or five who are dedicated to developing and delivering products and services to a particular industry or market

This is consultancy within Peat Marwick McLintock.

If you are a graduate accountant, with excellent post-qualification experience in well managed organisations, and would like to discuss opportunities in consultancy with us, we would be very pleased to meet you.

To enable us to prepare for the discussion, please send a brief C.V. with remuneration history and quoting reference FM/OC7 to Mike Coney.

## **KPMG** Peat Marwick McLintock

Management Consultants 1 Puddle Dock, Blackfriars, London EC4V 3PD

The Morgan Bank is a leading international bank with worldwide operations. In addition to providing banking services, we manage the Euro-clear System which is the world's most important clearing organization for internationally traded securities.

We have career-opportunities in the Integrated Accounting Group of the Financial Division of Euro-clear for (m/?)

#### THREE UNIVERSITY **GRADUATES IN ECONOMICS OR** FINANCE ACCOUNTING

The Integrated Accounting Group is responsible for management of the corporate financial data base and for financial reporting to local and US Head Office management as well as to Belgian regulatory authorities.

Two of the three positions require 2-3 years experience in the accounting/reporting function of a US multinational or in an interna-tional public accounting firm.

In all cases, a reasonable degree of computer-literacy will be necessary, as well as an excellent knowledge of French, good knowledge of English, with knowledge of Dutch being an asset.

#### ONE ACCOUNTANT

who will be initially in charge of tax reporting to Head Office and the Belgian tax authorities. He will become gradually more involved in specialized tax-projects.

We are looking for someone who ☐ is between 23 and 25 years of age;

has 2-3 years of experience in accounting and/or in tax related work in a large American multinational company or in a public accounting firm;

☐ likes to work with numbers; ☐ is familiar with Lotus 123;

☐ has an excellent knowledge of French, good knowledge of English, with knowledge of Dutch being an asset.

These positions call for highly motivated, achievement-driven persons. We offer a very competitive salary with attractive fringe benefits and real career prospects.

If you recognize yourself in one of these profiles, please send your c.v., together with a recent passport photograph and mentioning the reference of the job you are applying for, to the following

Morgan Guaranty Trust Company of New York, Euro-clear Operations Centre for the attention of Mr. M. Hemeleers, rue de la Régence 4, 1000 Brussels.

## The Morgan Bank

#### FINANCE DIRECTOR DESIGNATE

circa £25,000 + Car + Benefits (Sussex based — Relocation package)

Hackman (UK) Ltd is the UK subsidiary of OY Hackman AB, a Finnish based group of companies who also own a controlling interset in DIY Timber Ltd.

The appointment will encompass the role of Financial Director of Hackman (UK) Ltd and Financial Controller of DIY Tumber Ltd. Reporting to the Managing Director the position will be required to provide effective financial and management controls to keep pace with the rapid. growth of the company in a dynamic and changing market.

Candidates, probably in their early 30's, will have already made substantial progress with their careers, ideally within a competitive trading environment, and have achieved their professional qualifications. Knowledge of modern computerised accounting systems and their development is essential. Day to day duties will include overall treasury control involving finance, taxation and foreign exchange as well as the supervision of the accounts function.

If you are proactive, like working in a busy environment and are interested in this position, please send a current cv with details of your career to date to:

Michael Downes, Managing Director, Hackman (UK) Ltd, Sheffield Park, Uckfield, East Sussex TN22 3PR

All applications will be treated in the strictest confidence and are welcomed from candidates

irrespective of sex, race or disability.

# Consolidate your career on the coast

## **Group Chief Accountant**

c.£23,000+Car+Profit-Sharing Ipswich

Our client is a successful PLC with a turnover in excess of £300 million. The group has 3 operating divisions with 10 wholly-owned subsidiaries worldwide and a number of associated companies.

Due to a pending retirement, the group wishes to recruit a Group Chief Accountant who will be responsible for coordinating and consolidating all tinancial plans, tore-casts, budgets and accounts; cash and treasury management; salaries; head office accounting and payroll; and the development of micro-computer applications for head office and the operating companies.

Reporting to the Group Financial Director, the successful condidate will be expected to assist in acquisition work

as well as liaison with the operating companies. The requirement is for an energetic qualified accountant with good communication and numeric skills and solid experience in multi-currency consolidations.

senior level with a successful international company, based in an attractive coastal area. Remuneration and benefits are excellent.

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